

Ex-worker: UMDNJ ignored bad billing

Latest whistleblower suit alleges fraud, retaliation

By JOSH MARGOLIN AND TED SHERMAN
STAR-LEDGER STAFF

A billing supervisor at the state's medical university - which remains under federal investigation over allegations of kickbacks paid to cardiologists for patient referrals - claims he was the subject of harassment and retaliation after he raised a red flag over fraudulent billing practices.

The civil action - one of a still growing number of whistleblower lawsuits against the University of Medicine and Dentistry of New Jersey - charges that the university's Office of Ethics and Compliance failed to properly investigate the matter. The office was established 14 months ago as part of a reform effort at the troubled state institution.

In the lawsuit filed in August, but served on the parties only recently, Douglas Palmer, who worked in the Cardiothoracic Surgical Division of UMDNJ's University Hospital in Newark, said he repeatedly warned that bills were being processed without proper documentation - against hospital policy.

UMDNJ officials refused to take action, he said. When he filed a confidential report with the compliance office, it was never investigated and his signed statement instead made its way back to his supervisors. Palmer said the chief of the division became "enraged" when he learned the matter had been reported.

In his complaint, Palmer, 39, of Bedminster, said he was told he had no right to speak to Ethics and Compliance. "That's it! That's your job! You're out of here!" he said the division chief told him last year.

The same department is the focus of an ongoing criminal investigation by the U.S. Attorney's Office involving local cardiologists, who were given essentially no-show teaching jobs at salaries of \$150,000 or more. In return, they were expected to refer patients to the cardiac surgery program, which was facing a loss of state certification for failing to perform a minimum number of procedures, according to the university's federal monitor.

Palmer's attorney, Peter Bennett of Middletown, said he could not discuss the details of the billing irregularities. Palmer resigned in December.

"We understand that the ethics and compliance investigation confirmed all of my client's allegations of improper conduct, including improper billing," Bennett said.

University spokeswoman Anna Farneski said she could not respond to questions about pending litigation.

Earlier this year, UMDNJ put new policies into place, which it said were designed to protect employees who report wrongdoing from retaliation. Those changes, which were adopted by the university's board of trustees and overseen by the Office of Ethics and Compliance, set up a system to track complaints and established a committee to review all demotions, firings or other disciplinary measures to ensure the action was not retaliatory.

Over the past year, there have been a flurry of whistle-blower lawsuits filed against the university.

Kathryn Gibbons, a former senior finance official who raised questions about systematic double-billing by the university, filed a lawsuit in December, claiming she was blamed for the crimes she uncovered and then fired because she cooperated with authorities.

Deirdre Henry-Taylor, a former compliance officer, charged she was fired for reporting illegal activity, and made a scapegoat when the university faced criminal charges for double-billing Medicare and Medicaid by millions of dollars.

Michael Nappe, a UMDNJ billing manager, said he was denied raises, demoted, and his office moved to a lunchroom after he tried to stop more than \$35 million in excessive telecommunications bills.

Another finance official at the hospital sued UMDNJ, charging top officials conspired to obstruct a criminal investigation into the scandal-battered institution, while a project coordinator in UMDNJ's government affairs office said her objections to a political slush fund got her fired.