



**Public Release:**

The Seminole Hospital District of Gaines County, Texas (District) was created by the Texas legislature in 1971. The District is charged by statute with providing medical care to the citizens of Gaines County, Texas. In compliance with federal and state regulations, the District delivered a letter on September 21, 2018, to the United States Attorney's Office for the Northern District of Texas (DOJ), the Texas Health and Human Services Commission, and the Office of Inspector General for the Texas Health and Human Services Commission (HHSC-OIG). In the District's disclosure letter, the District reported that from 2012 through 2017 it had mistakenly paid physicians under contract with the District more than "fair market value" for their services in violation of federal and state regulations.\*

After reviewing the disclosure letter and the District's conduct, the DOJ and HHSC-OIG coordinated and worked closely with the District to resolve the regulatory issues contained in the disclosure. After careful review, the District, DOJ and HHSC-OIG have entered into an agreed settlement that will ensure the District is in a position to continue to care for the citizens of Gaines County while also resolving its obligations to the United States and Texas. The District will pay as restitution seven million dollars over a seven-year period and institute a corrective action plan to keep the District in compliance.

The decision to enter into this agreement has not been an easy one for the District. It was made after a significant and exhaustive investigation into the issues and in consultation with the District's outside legal and financial advisers. The District is confident that it will be able to comply with its obligations under this agreement while continuing to provide the medical care our community needs. We recognize that we are stewards of the public trust and funds, and we are confident that this agreement is in the best interests of the people we serve. The District is committed to complying with its obligations to the

government and its citizens. It has implemented new controls, training and compliance functions to ensure it properly operates in compliance with state and federal regulations and continues to care for its patients long into the future. The District appreciates the concerted effort of the DOJ and HHSC-OIG to resolve this matter. The United States was represented by Assistant United States Attorney Kenneth Coffin and Assistant United States Attorney Ann Haag. Texas was represented by Sylvia Hernandez Kaufman, HHSC-OIG Inspector General. The District was represented by Brian Flood from the firm Husch Blackwell LLP. Any question can be sent to his attention at [brian.flood@huschblackwell.com](mailto:brian.flood@huschblackwell.com).

\* Improper Payment Act, Title XVIII of the Social Security Act, 42 U.S.C. §§ 1395-1395kkk-1, 42 U.S.C. § 1395nn(e)2B(i), 42 U.S.C. § 1320a-7b(b); and the Medicaid Program, 42 U.S.C. §§ 1396-1396w-5.