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USC Office of Compliance

HEALTHCARE COMPLIANCE NEWSLETTER

Issue 8, Fall 2014

[* CMS Open Payments Database Has Launched!](#)

[* Novartis Ordered To Face U.S. Lawsuit Over Doctor Kickbacks](#)

[* Cedars-Sinai Says Number of Patient Files in Data Breach Much Higher](#)

[* U.S. Department of Justice Files False Claims Action Against 3 PODs And Physician Investors For Physician And Hospital Claims](#)



This newsletter is prepared by the Office of Compliance and is intended to provide you with current information about healthcare compliance and HIPAA privacy issues. For additional information, to view past newsletters, or to provide comments about this or any future issues of this newsletter, please contact the Office of Compliance at (213) 740-8258 or at compliant@usc.edu.

CMS Open Payments Database Has Launched!

On September 30, 2014, the CMS Open Payments Database went live. The database can be found here: <https://openpaymentsdata.cms.gov/>. Providers should review the database to determine if the information reported about them is accurate.

Providers also should review the University's Relationships with Industry policy, which provides guidelines for USC Healthcare Professionals for their interactions with Industry: <http://policy.usc.edu/industry-relationships/>

Novartis Ordered To Face U.S. Lawsuit Over Doctor Kickbacks

A federal judge said Novartis AG must face a U.S. government lawsuit accusing the Swiss drugmaker of paying multimillion-dollar kickbacks, including a \$9,750 dinner for three at a Japanese restaurant, to induce doctors to prescribe its drugs.

Authorities claim that Novartis caused Medicare and Medicaid to pay millions of dollars in reimbursements from 2002 to 2011 based on kickback-tainted claims for drugs such as Lotrel and Valtorna to treat hypertension, and the diabetes drug Starlix.

The federal government often joins False Claims Act lawsuits that it believes have greater merit.

The full article can be found here: <http://www.reuters.com/article/2014/09/30/novartis-kickbacks-idUSL2N0RV1GK20140930>

Cedars-Sinai Says Number of Patient Files in Data Breach Much Higher

The Los Angeles hospital has notified state and federal officials that medical records of more than 33,000 patients were on a laptop stolen from an employee's home during a June burglary. The laptop was password-protected, but did not have additional encryption software that would have further protected the sensitive data.

The software was mistakenly not reinstalled after a change to the computer's operating system, the hospital said.

Patient records have been stolen or mistakenly released at medical facilities across the United States in recent years. Given that background, it is inexcusable for hospitals to have employees walking around with patient records that are not properly protected, said Beth Givens, executive director of the Privacy Rights Clearinghouse.

"Encryption these days is security 101," she said. "You're going to spend a lot more money these days recovering from a breach than if you had simply spent the money

securing your devices from the very start."

The full article can be found here: <http://www.latimes.com/business/la-fi-cedars-data-breach-20141002-story.html?track=lat-email-topofthetimes>

U.S. Department of Justice Files False Claims Action Against 3 PODs And Physician Investors For Physician And Hospital Claims

On September 8, 2014, the U.S. Department of Justice (DOJ) filed a False Claims Act (FCA) case in the Central District of California against Reliance Medical Systems, two related distributors (Apex Medical Technologies and Kronos Spinal Technologies), and several of their physician owners, based on the theory that investment returns from these physician-owned distributors (PODs) were unlawful kickbacks.

This new filing is significant, however, in that it represents the first time that POD investigations have led the government to file its own FCA lawsuit based on the theory that the offer to a physician of a chance to receive a financial benefit through ownership in a POD from which the physician orders implants is an unlawful kickback.

Read the full alert here: <http://www.ropesgray.com/news-and-insights/Insights/2014/September/US-Department-of-Justice-Files-False-Claims-Action-Against-3-PODs-and-Physician-Investors.aspx>

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