



Settlement Agreement Provides Full Release

September 1, 2011

To the UT Southwestern Community:

I write to make you aware of a matter that is likely to garner some local media attention in the next day or two.

UT Southwestern has reached a settlement agreement with the U.S. Attorney and the State of Texas related to claims made in two lawsuits filed under seal four years ago regarding Medicaid and Medicare billing practices and the supervision of resident-physicians between 2004 and 2007.

As acknowledged in the agreement, UT Southwestern still vigorously denies any lapse in the supervision of physicians-in-training, inappropriate billing, wrongdoing, or liability. Moreover, both state and federal parties to this settlement have provided us a full release from any such claims, as is expressly stated in the settlement agreement.

In fact, the Office of the Inspector General (OIG) for the U.S. Department of Health and Human Services reviewed our current billing compliance practices and found them to be robust and consistent with state and federal billing requirements. As a result, unlike many such settlement agreements, the OIG will not require any ongoing oversight or supervision through either a "Corporate Integrity Agreement" or a "Corporate Compliance Agreement."

To avoid ongoing litigation expenses and prevent further distraction from our mission, we have agreed to pay to the government \$1.4 million to settle this matter in its entirety with all involved. This amount represents a small fraction of the projected legal expenses and consumption of internal time and resources if we continued to argue this matter. While I deeply regret that any of our institution's resources – in this instance funds from clinical earnings – will be diverted from our core missions of patient care, research, and education, I believe it is clearly in the best interest of the University to put this matter behind us.

While not trivial, the payment amount nevertheless represents less than one-half of one percent of our Medicaid and Medicare collections during the period questioned – and is far from the "hundreds of millions" in payments that certain of our detractors claimed would result from this lawsuit.

Everyone at UT Southwestern should take enormous pride in the service we provide to our patients, to the Dallas community, Texas, and the nation. We remain committed to the very

highest standards of care for our patients and to the rigorous supervision of the resident-physicians who will be the next generation of caregivers.

We have much cause for excitement and optimism at UT Southwestern, and I thank you for your continuing contributions to our success.

Daniel K. Podolsky, M.D.
President, UT Southwestern Medical Center