

Client Screening Request

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- Client Screening Report

Request Date:	2/26/2015	Additional CC:	<input type="text"/>
Discipline *:	Health	Company Name:	Cleveland Clinic VI ("CC")



Moody's Rating:

None

Requestor: Juliet Spector

D & B Credit Score Class:

3 (Moderate risk of severe payment delinquenc

A.M. Best Rating: None

On High Risk Client List? Yes No

D & B Financial Stress Class:

3 (Moderate risk of severe financial stress over the r

WorldCheck Rating:

- N/A
- Criminal
- Money Laundering
- Terrorism
- Corruption
- [Redacted]

Ownership:

The Cleveland Clinic Foundation, d/b/a Cleveland Clinic, is on record with the Secretary of State of Ohio, registration #95560 as a nonprofit multispecialty academic medical center founded in 1921 and headquartered in Cleveland, OH. It employs over 2,000 physicians and scientists, and provides services for 4.2 million patient visits per year, spread amongst numerous facilities focused primarily in northeastern Ohio, but including clinics in Las Vegas, Florida, Toronto, and Abu Dhabi. CC is led by a 24-member Board of Directors, with a Board of Trustees serving in an advisory role and a Board of Governors overseeing the medical and surgical activities.

As a note: CC has received several screenings, with the most recent being completed by Dave Roumonada for Doug Nishimura in February 2013.

Officers:

The officers named below were profiled using Google and Factiva sources and were screened for criminal/civil litigation using LexisNexis. Insofar as my research indicates, there were no issues of an adverse nature found for the noted officers. The individuals screened are as follows:

- **President & CEO:** Mr. Delos "Toby" Cosgrove: Mr. Cosgrove joined CC in 1975.
- **Chairman of the Board:** Mr. Robert E. Rich, Jr.
- **CFO & Treasurer:** Mr. Steven C. Glass: Mr. Glass joined the Cleveland Clinic in April 2002 as the Controller and Chief Accounting Officer and served in that capacity until June 2005 when he was appointed to his current role.

CC offers no bio information on the above noted officers at its website here: <http://my.clevelandclinic.org/about-cleveland-clinic/overview/leadership/executive.aspx>

Prior Health Risk Assessment: Yes No

Noteworthy News:

A scan of local and national newspapers, news wires, trade journals, transcripts, and internet search engines yielded thousands of articles mentioning CC in some capacity, with items addressing a wide range of subject matter including management changes, hospital organization restructuring and issues faced by CC in anticipation of the impact of the Affordable Healthcare Act. However, recent coverage reflects items of greater concern subsequent to our most recent screening over recurring accusations of CC's alleged habit of overbilling and excessive testing, patient rights issues and medical malpractice challenges, with examples below:

- **January 2015:** A federal lawsuit accuses the Cleveland Clinic Health System of performing more tests and procedures on patients than necessary in order to obtain more Medicare payouts. The lawsuit, which was filed under seal in March 2014 but unsealed on Tuesday, says the health system performs tests "that have already been done to confirm a diagnosis that has already been made for the purpose of financial gain." It accuses the clinic of "improper and excessive billing." The suit was filed under the False Claims Act, a law used to prosecute companies that defraud governmental programs. Under the law, a claim is brought by a plaintiff called a "relator," who files the case on behalf of the U.S. government. In this case, the relator was Dr. Sam Ghoubrial, a physician from Wadsworth. Ghoubrial "has witnessed many of these events firsthand through his patients, through his friends, through his family, and as a referring practitioner," according to the lawsuit. (*Source: Cleveland.com, January 22, 2015, with full text of the article available here:* http://www.cleveland.com/court-justice/index.ssf/2015/01/lawsuit_accuses_cleveland_clin.html)

- **June 2014:** The Cleveland Clinic is far from alone in facing the only sanction the CMS can apply to hospitals when serious safety problems and violations of informed consent rules are brought to light by patient complaints. An analysis of Medicare inspection data found that between 2011 and 2014 there were at least 230 validated serious incidents—dubbed "immediate jeopardy" complaints—that led the agency to threaten hospitals with losing their ability to serve Medicare patients unless they immediately fixed the problems. (*Source: Modernhealthcare.com, June 7, 2014, with full text of the article available here:* <http://www.modernhealthcare.com/article/20140607/MAGAZINE/306079939>)

- **March 2014:** A Cuyahoga County jury has awarded a former Cleveland Clinic doctor \$7.7 million in a medical malpractice verdict. A jury returned the verdict in favor of Dr. Xiao Di, a neurosurgeon, on Thursday after a trial that lasted nearly three weeks in Cuyahoga County Common Pleas Court. R. Patrick Kelly, a retired Common Pleas judge, presided over the trial. Di's attorney, Steve Crandall, told The Plain Dealer that Di was performing surgery Feb. 12, 2010, at the Cleveland Clinic when it appeared that bone chips went into his left eye. On Jan. 14, 2011, Di had surgery at the Clinic to repair the damage, Crandall said. Crandall said that during the procedure, a hole was torn in Di's iris. His left pupil was destroyed, the attorney said. Because of the injuries, Crandall said, Di cannot operate, and he has not worked since then. (*Source: Cleveland.com, March 21, 2014.*

http://www.cleveland.com.metro/index.ssf/2014/03/common_pleas_jury_awards_for_me.html

Litigation History:

Screening for litigation using news sources, internet search engines, and Lexis' state and federal cases database and dockets revealed a plethora of legal actions, as is typical for large hospital systems. This trend continues subsequent to our last screening of CC, although with no indication current litigation activity will experience any material changes or become an issue of greater concern to Milliman, including the issues noted in the News section above. In addition, I found no evidence of CC's involvement in litigation with an actuarial or financial advisor.

Comments:

On the managerial level, CC continues to screen acceptably, to the extent information was available utilizing our usual sources. Insofar as my research indicated, the officers associated with CC do not appear to be involved in any personal litigation, professional misconduct or criminal activity.

At the entity level, news sources utilizing Google, Factiva and local media sources yield some evidence of additional media coverage of concern, but the entity's sheer size invites considerable attention. Consequently, any hint of issues associated with high profile subject matter, such as allegations of excessive Medicare billings or excessive patient testing and the like have drawn attention to CC in intensity not unlike that experienced by other similar entities, such as Mayo Clinic.

With regard to financial condition, D&B's analysts offer an acceptable ratings picture for CC with indications of improvement since our last screening, assigning Credit Score Class rating of "3", a notable improvement from a "5" in our last screen, and a Financial Stress Class rating of "3", also an improvement from a "4" in our last screen. Further details indicated D&B assigns a 3 and 24-month PAYDEX rating of 65 and 66 of 100, however, slightly below the average of 71 for this type entity. In addition, details also show an acceptable two year history of 70% of its payments completed within terms, with remaining payments completed within 20 days.

To the extent of my research, CC's rated financial condition reflects some improvement, but this has been a relatively recent experience. Coupled with its history of slow payment history, in addition to continued challenges faced by this entity regarding some of its questioned patient testing practices and potential for additional scrutiny regarding Medicare billing practices, you may yet give appropriate consideration for a retainer prior to continuing our business relationship with CC in the near term.

Juliet, if you require additional information regarding CC, please do not hesitate to contact me and I will be happy to assist you.

-Dave

my email: dave.roumonada@milliman.com



02-28-
2015Comprehensive_Report_CLEVELAND_CLINIC_FOUNDATION,_THE_28022015170659.pdf
385.52 KB

Add attachment

- Screening Details

Screener *:

[Dave Roumonada \(Contractor\)](#)



Completed Date:

2/28/2015

Report Status:

New Pending Secondary-Review
 Secondary-Screen Sent/Complete
 Cancel

Due Date:

Health Risk Assessment Form Returned:
 Yes No
Client Risk Assessment Statement:
 Conditional Acceptance
 Non-Acceptance
 Standard Acceptance

- Data from Consultant
Date *:

Client *:

Discipline(s) Involved *:

-
- Casualty
-
-
- Employee Benefits
-
-
- Health
-
-
- Life

Client Status *:
 New Client Existing Client
 RMAP Referral
Client Website URL (if known):

Casualty consultants: please indicate if this is an 'existing client' being screened to comply with discipline periodic screening requirements.

Type of Client *:

-
- Public sector/government
-
-
- Publicly traded company
-
-
- Private company
-
-
- New Entity (less than 1 year old)
-
-
- Captive Insurance Company

For international screens, please select 'INTL'**State *:**

▼
Client Location *:
 US International
HQ Address:**Consultant *:**

Names/Titles of Officers (if known):
Do you know of any litigation or other issues of which we should be made aware *:
 Yes No
Additional Comments to Aid the Screening:
 Click here to attach a file

 Add Attachment

* -indicates required field