Total Renal Care Announces Further Determination by Medicare Carrier Relating to the Ongoing Florida Laboratory Payment Dispute

TORRANCE, Calif., May 8 /PRNewswire/ -- Total Renal Care Holdings, Inc. (NYSE: TRL) today announced that the Medicare carrier for its Florida laboratory, First Coast Service Options, Inc. (formerly Blue Cross/Blue Shield of Florida), has notified the Company of the results of its review for the third period the carrier has reviewed, April 1, 1998 to August 15, 1999. The carrier has alleged that approximately 70% of the tests performed in this period were not properly supported by the prescribing physicians' medical justification and determined that Medicare would have overpaid the laboratory by $16.1 million, if not for the payment suspension in place at the laboratory. First Coast Service Options has suspended all payments of Medicare claims related to the Florida laboratory since May 1998.

The carrier's findings and rationales are consistent with its earlier decisions. The Company has appealed this decision to a hearing officer at the carrier. The carrier also informed the Company that it will be reviewing a fourth period, from August 16, 1999 to May 31, 2000. At this time, the Company is unable to determine when the Florida laboratory matter will be resolved, when the laboratory's payment suspension will be lifted or what, if any, of the laboratory claims will ultimately be disallowed.

As previously disclosed, the carrier has issued separate overpayment determinations of $5.6 million and $14.2 million, respectively, for the first two review periods, January 1, 1995 to April 30, 1996 and May 1, 1996 to March 31, 1998. The carrier alleged that 99% and 96%, respectively, of the tests performed in the first two review periods were not properly supported by the prescribing physicians' medical justification. The Company appealed both of these decisions to a carrier hearing officer. The carrier hearing officer upheld the overpayment determination for the first review period, and the Company has appealed this decision to a federal administrative law judge. The Company is awaiting the hearing officer's decision on the second review period.

The Company also announced that United Healthcare Insurance Company, the Medicare carrier for its Minnesota laboratory, is conducting a post payment review of Medicare reimbursement claims for the period January 1996 through December 1999. The scope of the review is similar to the review First Coast Service Options initially conducted at the Florida laboratory. The Company is unable to determine at this time how long it will take the carrier to complete its review. There is currently no overpayment determination or payment suspension with respect to the Minnesota laboratory. Medicare revenues at the Minnesota laboratory are currently approximately $700,000 per quarter.

Total Renal Care Holdings, Inc., based in Torrance, California, is the second-largest provider of dialysis services for patients suffering from chronic kidney failure in the U.S. The Company owns and operates kidney dialysis centers and home peritoneal dialysis programs domestically in 32 states, as well as Washington, D.C. It also provides acute hemodialysis services to inpatients at approximately 320 hospitals. As of March 31, 2000, Total Renal Care operated 484 outpatient dialysis facilities serving over 40,000 patients, including 4,200 patients in 52 centers under management. SOURCE Total Renal Care Holdings, Inc.

CONTACT:
LeAnne Zumwalt
Investor Relations of Total Renal Care, Inc.
(310) 792-2072

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