Bush Repays Campaign Debt to Rainwater

by Jeffrey Steinberg

In December 2000, the for-profit hospital giant Columbia/HCA (now HCA-The Healthcare Co.) reached a settlement with the U.S. Department of Justice (DOJ) in the biggest medical fraud case in history. The $840 million deal, which included criminal pleadings by several Columbia/HCA subsidiaries, was thought, by some, to signal an end to the company's troubles with the law. But, on March 15, the Justice Department filed civil papers in Washington, D.C., joining eight whistleblower suits against HCA, and charging another far-reaching pattern of Medicare fraud, as well as kickbacks to doctors who steer their patients to HCA-owned hospitals.

Despite the new Justice Deprtment filing, the *Wall Street Journal* noted on March 19, that help is on the way for HCA and the entire for-profit hospital "industry," and, while the *Journal* failed to mention it, one key to the changed climate in Washington is "FOD" ("Friend of Dubya") Richard Rainwater.

Chertoff Promoted

Rainwater, the Dallas-based billionaire and financial angel to President George W. Bush, was the co-founder of Columbia/HCA, along with Rick Scott. When Columbia/HCA's run-in with the law first surfaced publicly, back in 1997, Rainwater and his wife, Darla Moore (a former Chemical Bank executive), orchestrated the ouster of Scott as company director. The firm hired former U.S. Attorney Michael Chertoff to lead a negotiating team to make their troubles with the government go away. Nearly five years and $200 million in legal fees later, the Rainwater gang believes that they are seeing the light at the end of the tunnel.

On March 13—two days before the Justice Department jumped back into the HCA litigation—President Bush announced the appointment of Michael Chertoff to head the Criminal Division of the Justice Department. Just before becoming Rainwater and HCA's "white knight," Chertoff had served as the chief Republican Counsel to the Senate Whitewater Committee, reporting to then-New York Sen. Al D'Amato (R), who chaired the Clinton-bashing panel.

The *Wall Street Journal,* even while reporting on the March 15 DOJ filing against HCA, could not avoid gloating over the Chertoff appointment. "The papers, filed late Thursday night in U.S. District Court in Washington, D.C., come even as the regulatory atmosphere for HCA and the hospital industry could be changing. One development, among others, is the nomination of a man with close ties to HCA to a top Justice Department job. Attorney Michael Chertoff, HCA's lead outside counsel, who spearheaded the company's defense in the face of the largest Medicare fraud investigation ever launched, has been nominated by the Bush Administration as head of the Justice Department's Criminal Division."

The *Journal* also reported that "Thomas Scully, who runs the Federation of American Hospitals, the trade group of for-profit hospitals of which HCA is an important member, has been mentioned as a leading candidate to run the Health Care Financing Administration. The influential agency oversees Medicare and Medicaid."

The Chertoff appointment and the anticipated appointment of Scully, were immediately noted by Wall Street, of course. Within hours of the Chertoff announcement, Merrill Lynch issued an analysis to clients, which stated, in part, "Washington appears to be moving in a more favorable direction for health-care providers," in which "the tone of the discussion and the general approach to resolving disputes is likely to improve." The author of the Merrill Lynch analysis, A.J. Rice, told the *Wall Street Journal,* "We're not going to see the confrontational approach of a few years ago."

Indeed. Last May, when the Justice Department's billion-dollar settlement deal with Columbia/HCA was announced, Chertoff had told the *Journal,* "This is not an admission of wrongdoing. It is an acknowledgment that there is money that was paid that ought to be returned." He neglected to mention that the settlement was contingent on the resolution of a number of ongoing criminal probes into the company in Florida, Texas, and several other states.

Bush Helps Out

In an earlier sign that Richard Rainwater's business interests will be given special consideration in Washington, President Bush had personally intervened to drastically water down the Patients' Bill of Rights, by arm-twisting Republican lawmakers into placing a cap on the amount of money that health maintenance organizations (HMOs) could be forced to pay, in patient lawsuits.

On March 22, the *Washington Post* reported that President Bush had rejected both of the Patients' Bill of Rights versions kicking around in the Congress, and had solicited Sen. Bill Frist (R-Tenn.) to shepherd the White House plan through the Senate. Frist's brother is a top executive of HCA! According to the *Post,* the White House/Frist "bill of rights" will place limits on patients' ability to sue HMOs and also set a cap on the amount of money victims can collect from the mis-named health-care providers.

Richard Rainwater and Darla Moore were smiling all the way to the bank after that act of Presidential kindness, which was worth far more than a weekend sleep-over in the Lincoln Bedroom.