

CLIENT ALERT

State University Hospital Fends Off FCA Claims Under "Arm-of-the-State" Test

July 16, 2013

In *U.S. ex rel. King v. The University of Texas Health Science Center-Houston*, a federal court considered whether The University of Texas Health Science Center–Houston was subject to liability under the *qui tam* provisions of the federal civil False Claims Act, based on a former employee's allegations that the hospital had defrauded the federal government by covering up misconduct related to federal research grants, and retaliated against the employee for reporting the misconduct. Applying the "arm-of-the-state" test (previously discussed [here](#)), the court held that the university hospital was a state entity -- and thus, was not a "person" subject to suit under the FCA -- and likewise held that employee's FCA retaliation claim was barred by sovereign immunity, providing a victory in the latest round of FCA scrutiny impacting higher ed institutions (discussed [here](#) and [here](#)).

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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