

TITLE: False Claims Act Information

Reference: GOV-053

MANUAL: Administrative

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I. PURPOSE:

The federal False Claims Act exists to fight fraud, or false claims, against the federal government involving any federally funded contract or program, with the exception of tax fraud. Pursuant to Section 6032 of the Federal Deficit Reduction Act of 2005, organizations that make or receive annual Medicaid payments of \$5 million or more are required to provide to employees, agents and contractors detailed information about the False Claims Act and any state laws that pertain to civil or criminal penalties under such laws, including the role of such laws in preventing and detecting fraud, waste and abuse in federal health care programs.

II. DEFINITION OF TERMS:

False Claim -The federal government defines (in part) a false claim as knowingly and willfully offering, paying, soliciting or receiving any money, gifts, kick-backs, rebates or any other type of value, remuneration or services in return for the referral of patients or to induce the purchase, lease or ordering of any item, good or service for which payment may be made by the federal or state government.

Examples of fraud and abuse include:

- Payment of an incentive each time a patient is referred to St. Joseph Hospital (SJH)
- Provision or receipt of free or significantly discounted billing, nursing care, rent or other staff services;
- Payment for services in excess of their fair market value; and
- Forgiveness of a debt absent a charitable or risk management purpose.

NEW 12/2007
(DATE)

REVIEWED/REVISED _____
(DATE)

DELETED _____
(DATE)

INITIATED BY: John Bokosky, CO	DATE 12/07	INTERDISCIPLINARY PRACTICE COMMITTEE (if applicable)	DATE
REVIEWED/REVISED BY:	DATE	POLICY & PROCEDURE COMMITTEE (if applicable) Policy and Procedure Committee	DATE 2/08
ADMINISTRATIVE APPROVAL: Tina Mycroft, CFO	DATE 12/07	BOARD OF TRUSTEES (if applicable)	DATE
MEDICAL STAFF (if applicable)	DATE	OTHER	DATE
PHARMACY & THERAPUTICS (if applicable)	DATE	OTHER	DATE

- Billing for supplies or services not delivered or delivered in less than promised amounts.
- Misrepresenting or overcharging for products or services actually provided.
- Duplicate billing for services actually rendered.
- Falsely certifying that services were medically necessary or failure to perform a service.
- Falsely certifying that an individual meets the Medicare requirements for certain services.
- Seeking to increase reimbursement by improper billing procedures such as “up coding” (changing a procedure code in order to obtain higher reimbursement for the procedure actually performed), or “unbundling” (dividing a procedure or service into two or more parts to obtain higher reimbursement).
- Offering to or transferring money, gifts, or other items of value to a private party in order to receive that party’s business.
- Accepting money, gifts, or other items of value from a private party.
- Accepting of overpayments from the government.

III. POLICY:

This policy shall be available and apply to all employees, agents, and contractors of SJH. Detailed information regarding the federal False Claims Act and applicable state false claims acts will be distributed to employees, contractors and agents through this policy and through the SJHS Corporate Responsibility Program handbook pursuant to the applicable provisions of the Deficit Reduction Act of 2005. Specific information provided consists of the following:

A. Damages and Penalties

Under the federal False Claims Act (FCA), any entity or person who knowingly submits or causes a false claim to be submitted to the government may be liable for damages. Damages can consist of up to three times the payment that was made in error, plus additional penalties of \$5,500 to \$11,000 per false claim.

B. Qui Tam “Whistle-blower” Provisions and Rights of Employees (Agents and Contractors)

A person who possesses and comes forward with information regarding false claims is authorized to file a case in federal court and sue, on behalf of the government, those entities that engaged in the fraud. These are called “*qui tam*” suits. The person coming forward is called a “*relator/whistleblower*”. Once the suit is filed by the

relator/whistleblower, the Department of Justice then decides on behalf of the government whether to join the relator/whistleblower in prosecuting these cases. If the case is successful, the relator may share in the recovery amount. The amount of the relator's share in the recovery depends on multiple factors.

- In addition, the FCA provides a remedy for relators who are discharged, demoted, suspended, or discriminated against by his or her employer in retaliation for filing an FCA case. In order to receive the benefits of the protections of the FCA, the courts generally require the following of the employee: The employee must have been engaged in an activity protected by the FCA in furtherance of a *qui tam* suit;
- The employer must have known of the employee's protected activity, and
- The employer must have retaliated or discriminated against the employee because of those actions.

If a court determines that a relator was terminated or otherwise retaliated against for filing a *qui tam* lawsuit, the employee is entitled to reinstatement at the same level, two times the back pay owed plus interest, litigation costs and reasonable attorneys' fees and compensation for any "special damages" sustained as a result of the discrimination.

C. Applicable State Law

California law provides that any entity or person who knowingly presents or causes to be presented a false claim for payment shall be liable for a civil monetary penalty of up to \$10,000 for each false claim and the costs of any civil action brought to recover any penalties. Additional penalties of not less than two times and not more than three times the amount of damages may be awarded in certain situations. Criminal penalties can range from imprisonment for one year in the county jail or a fine not exceeding \$1,000, or both such imprisonment and fine, to imprisonment in a state prison for one year or a fine not exceeding \$10,000, or both such imprisonment and fine. In addition to similar federal whistleblower protections, the California FCA also permits punitive damages in appropriate circumstances.

IV. RELATED POLICIES:

Code of Business Conduct
Employee Gift Policy