



NEWPORT SUBACUTE HEALTHCARE CENTER

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1.0 Policy

PURPOSE

The purpose of this policy is to provide information about Newport Subacute Healthcare Center to prevent fraud and abuse by presenting accurate claims for payment to all payers, including federal programs. The policy also describes Newport Subacute Healthcare Center policies for detecting and preventing fraud and abuse, the Federal and State False Claims Acts, and related whistleblower provisions.

POLICY STATEMENT

Newport Subacute Healthcare Center, through its Compliance plan and other policies, is committed to the highest standards of ethical behavior, and the submission of accurate claims to all payers, including federally funded payers such as Medicare and Medical.

2.0 Scope:

Category	Description	
System Wide	Policy is applicable to all majority-controlled Newport Subacute Healthcare Center.	√

3.0 Definitions:

APPLICABILITY

This policy applies to Associates, independent contractors and agents who provide services for, or on behalf of, Newport Subacute Healthcare Center.

4.0 Responsibilities & Procedures

NEWPORT SUBACUTE HEALTHCARE CENTER POLICIES FOR PREVENTING WASTE, FRAUD AND ABUSE

Newport Subacute Healthcare Center has established policies to prevent fraud, waste and abuse of the Medical and Medicare programs. These policies are stated in writing in the Newport Subacute Healthcare Center System Compliance Plan. This Plan helps to ensure appropriate claims are made to all payers, including government programs, through:

- Development of policies on appropriately submitting and processing claims for services.
- Education regarding the Newport Subacute Healthcare Center Compliance Plan and Department/Affiliate Compliance Plans.
- Monitoring and auditing to prevent or detect errors in coding and billing.
- Investigating all reported concerns and correcting errors that are discovered.
- Promoting the Compliance Hotline for reporting, including protection of adverse action when genuine concerns are reported in good faith.

The Compliance Plan is available at the office of Audit and Compliance Services, Newport Subacute Healthcare Center System, for any Associate, medical staff member, independent contractor or agent to read. In addition, it is available on the Internet at www.newportsubacute.com or on the Compliance Department page of the Newport Subacute Healthcare Center.

FEDERAL CIVIL FALSE CLAIMS ACT (1)

The False Claims Act is federal law that addresses fraud involving federally funded programs. Claims to Medicare and Medical for payment make up the majority of Health care claims paid by the U.S government. This law defines false claims to the U.S Government as follows:

1. Knowingly presenting a false or fraudulent claim for payment or approval.
2. Knowingly making or using a false record of statement to get a false or fraudulent claim paid or approved.
3. Conspiring with another to get a false or fraudulent claim paid or approval.
4. Knowingly making or using a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property.

There is no requirement that there be an intent to defraud. The requirement of doing something in a knowing manner is met by showing either (1) actual knowledge, (2) deliberate ignorance of the truth or falsity of the information, or (3) reckless disregard of the truth or falsity of the information.

Penalties: Violations of the federal false claims act can result in penalties of not less than \$5,500.00 and not more than \$11,000.00 per claim (subject to inflationary increases). Plus three times the amount of damages that the government sustains.

ADMINISTRATIVE REMEDIES FOR FLASE CLAIMS

Under a second regulation addressing health care fraud, the Department of Health and Human Services may impose on a person who submits certain claims to the government of the United States a penalty of up to \$5,500.00 for each False Claims, plus twice the amount of the False Claim.

This law applies to any claim that a person knows or has reason to know:

1. Is false, fictitious, or fraudulent;
2. Includes or is supported by any written statement which asserts a material fact which is false, fictitious, or fraudulent;
3. Includes or is supported by any written statement that (i) omits a material fact, (ii) is false, fictitious, or fraudulent as a result of such omission, and (iii) is a statement in which the person making, presenting, or submitting such statement has a duty to include such material fact; or
4. Is for payment for the provision of property or services, which the person has not provided as claimed.

Chapter 38 of Title 31 of the United States Code imposes the same penalty of 5,500.00 on any person who has made a express certification of the truthfulness and accuracy of the written statement and who makes a written statement that the person knows or has reason to know;

1. Asserts a material fact which is false, fictitious, or fraudulent; or
2. Omits a material fact, (ii) such is false, fictitious, or fraudulent as a result of such omission, and (iii) the person submitting such statement has a duty to include such material fact.

FEDERAL QUI TAM"WHISTEBLOWER" ACTIONS

Any private person ("Qui Tam Relater") may bring a civil action for any False Claim (itemized above) in the name of the United States Government. The federal government gets an opportunity to review the complaint and the disclosure of substantially all of the material evidence and information the person possesses to decide whether to intervene. If the federal government decides to intervene, then it has the primary responsibility for prosecuting the action for the False Claims, and the person who originally brought the action, the Qui Tam Relater, may receive from 15% to 25% of the proceeds of the action or settlement of the claim. If the federal government does not proceed with the action and the Qui Tam Relater continues with the action or settles the claim, he or she may receive an amount from 25% to 30% of the proceeds of the action or settlement. The Qui Tam Relater may also receive an amount for reasonable expenses, including reasonable attorney fees and costs incurred in connection with bringing the lawsuit.

STATE FALSE CLAIMS ACT (2)

California has enacted a California False Claims Act. This act imposes prison terms of up to four (4) years and fines of up to \$50,000.00 for:

1. Knowingly making a false statement or false representation of a material fact in any application for Medical benefits or for use in determining rights to a Medical benefit;
2. Soliciting, offering or receiving kickbacks or bribes for referrals to another for Medical-funded services (fine up to \$30,000.00);
3. Entering into an agreement with another to defraud Medical through a False Claim; or
4. Making or presenting to the State of California a False Claim for payment.

STATE QUI TAM ‘WHISTLEBLOWER’ ACTIONS

Any person (Qui Tam Relater) may bring a civil action on behalf of the State of California to recover losses that the State suffered from a person violating the California Medical False Claims Act, and the California Attorney General is to be notified and has an opportunity to appear and intervene in the action brought on behalf of the State of California. If the California Attorney General intervenes, in addition to the person receiving his or her expenses, costs and reasonable attorney fees, the person may also receive from 15% to 25% of the monetary proceeds resulting from the action or any settlement. If the California Attorney General does not intervene, the recovery for the Qui Tam Relater may be in the range of 25% to 30% of the monetary proceeds.

WHISTLEBLOWER PROTECTION LAWS

Both the federal and state laws protect individuals who investigate or report possible False Claims made by their employer against discharge or discrimination in employment because of such investigation. Employees who are discriminated against based on whistleblowing activities may sue in court for damages. Under either the federal or state law, any employer who violates the whistleblower protection law is liable to the employee for (1) reinstatement of the employee’s position without loss of seniority, (2) two times the amount of lost back pay, (3) interest and compensation for any special damages, and such other relief necessary to make the employee whole.

AUTHORITY

This policy is enacted pursuant to Section 6032 of the Deficit Reduction Act of 2005.

1. The federal Civil False Claims Act, Section 3279 of Chapter 31 of the United States Code.
2. The California Medical False Claims Act.

5.0 Revision History

Date	Revision #	Changes	Referenced Section

6.0 References:

Owner: Audit and Compliance Services

Related Policies: Newport Subacute Healthcare Center Compliance Plan

7.0 Other Documentation: Examples could be JCAHO standards, OSHA standards, ISO9000 standards, state or federal law, etc.

FALSE CLAIMS ACT POLICY SUMMARY
NEWPORT SUBACUTE HEALTHCARE CENTER
JANUARY 2007

PURPOSE/POLICY

Newport Subacute Healthcare Center has a responsibility to detect and prevent fraud and abuse, Newport Subacute Healthcare Center its Compliance Plan and other policies, is committed to the highest standards of ethical behavior, and the submission of accurate claims to all payers, including federally funded payers such as Medicare and Medicaid. Newport Subacute Healthcare Center is also responsible for making Associates, independent contractors and agents aware of its policies for detecting and preventing fraud and abuse, the Federal and State False Claims Acts, and related whistleblower provisions.

Newport Subacute Healthcare Center has established policies to prevent fraud, waste and abuse. These policies are included in the Newport Subacute Healthcare Center System Compliance Plan. This plan helps to ensure appropriate claims are made to government programs, through:

- Development of policies on appropriately submitting and processing claims for services.
- Education regarding the Plan and Development/Affiliate Compliance Plans.
- Monitoring and auditing to prevent or detect errors in coding or billing.
- Investigating all reported concerns and correcting errors that are discovered.
- Promoting the Compliance Hotline for reporting, including protection from retaliation when concerns are reported in good faith.

RELATED LAWS

- False Claims Acts - the federal and state false claims acts make it a crime to knowingly file a false claim with the government for payment. "Knowingly" includes deliberate ignorance or reckless disregard of the truth. Penalties for submitting a claim range from \$5,500.00 to \$11,000.00 per claim.
- Whistleblower Actions - a person with knowledge of a false claim can file a lawsuit in federal or state court on behalf of the government. The government will review the case and evidence and decide whether to intervene.
- Whistleblower Protections - both the federal and state laws protect individuals who report possible false claims made by their employer against being fired or demoted due to such actions. Employees who are discriminated against based on whistleblowing activities may sue in court for damages.

MORE INFORMATION

More detailed information can be found in the Newport Subacute Healthcare Center False Claims Act Policy, attached; on the Internet at www.newportsubacute.com or on the compliance Department page of the Newport Subacute Healthcare Center.

Compliance:

The definition of compliance is to act in accordance with another's wish, request, or command.

Newport Subacute Healthcare Center strives to achieve compliance by conducting affairs in accordance with applicable laws and regulations.

To facilitate and ensure compliance within the Newport Subacute Healthcare Center the Corporate Compliance Plan was adopted, in February 2006 incorporating the seven elements outlined in the government's model compliance plans for Health Care entities:

- Written Standards of Conduct
- Designation of a Chief Compliance Officer
- Comprehensive compliance education for all Newport Subacute Healthcare Center Associates
- A process for Associates to report instances of possible non-compliance, with anonymity if desired
- Development of a system of respond to allegations of improper/illegal activities and to enforce appropriate disciplinary action
- Auditing and monitoring to evaluate compliance and identify potential issues

Investigation and correction of identified problems and development of appropriate policies.