

False Claims Policy

Purpose:

The purpose of this policy is to comply with certain requirements set forth in the Deficit Reduction Act of 2005 regarding federal and state false claims laws. Under the Deficit Reduction Act, MRCI is required by law to establish policies and procedures, and provide employees with information regarding: (1) the federal False Claims Act (FCA) and similar state laws, (2) an employee's right to be protected as a whistleblower and MRCI's policies and procedures for detecting and preventing fraud, waste, and abuse in state and federal health care programs.

Policy:

MRCI is committed to comply with all federal and state laws and regulations to detect and prevent fraud, waste and abuse with respect to Medicaid payments and to provide protection for those who report wrong doing. MRCI must ensure that all employees, management, EOR/FSE responsible parties, and any contractors are educated regarding the federal and state false claims statutes and the role of such laws in preventing and detecting fraud, waste and abuse in federal health care programs.

Procedures:

Reporting Concerns Regarding Fraud, Abuse and False Claims

MRCI encourages all employees, management, EOR/FSE responsible parties and contractors to be aware of the laws regarding fraud and abuse and false claims and to identify and resolve any issues immediately. MRCI encourages employees, managers, EOR/FSE responsible parties and contractors to report concerns to Janette Hughes, MRCI's Corporate Compliance Officer, or to call MRCI's Compliance Hotline at 1-866-280-9928.

Non-Retaliation Policy

The FCA prohibits employers from retaliating against employees who file or participate in the prosecution of a whistleblower suit. MRCI will not take any disciplinary action or other types of retaliation against any employee who, in "good faith", reports a concern regarding fraud claims to the Corporate Compliance Officer or Compliance Hotline. "Good faith" means that staff should be telling the truth, as they know it.

Any employee, contractor, or EOR/FSE responsible party who believes that he or she has suffered retaliation from making a report should contact the Compliance Officer or call the Compliance Hotline.

It is also MRCI's intent to protect employees from the intentional misuse of the Hotline. Intentionally making a false accusation is a serious violation of MRCI policy and may lead to disciplinary action up to and including termination of employment.

Internal Controls

MRCI has a Corporate Compliance Officer who is responsible for assuring that MRCI meets or exceeds state and federal laws to detect fraud and waste. The Compliance Officer has established an Internal Audit Committee that audits all functions of MRCI's financial recordkeeping systems annually. The Committee has established procedures for testing of all of MRCI's financial functions, including payroll, accounts payable, accounts receivable, general ledger and consumer funds. These audits are subject to review annually by MRCI's external Fiscal Auditing firm.

Employee Education

MRCI will distribute copies of this policy to all current and new Board members, managers, employees, EOR/FSE responsible parties and contractors. On-going training will be included with the Corporate Compliance training provided all staff during January and February each year.

Related Policies:

MRCI employees, including management, EOR/FSE responsible parties and contractors should be aware of related facility policies regarding detection and prevention of health care fraud and abuse. The following are some of the policies that are relevant to this policy and to the prevention and detection of fraud and abuse:

Organizational Ethics Policy
Disciplinary Action Policy
Corporate Compliance Policy

Copies of these policies are available upon request.

Definition of Terms:

Deficit Reduction Act - The Deficit Reduction Act of 2005 went into effect on January 1, 2007. It contains many provisions reforming Medicaid that are designed to reduce program spending. It requires that all entities which receive more than \$5,000,000 a year in Medicaid transactions put new policies into effect which will minimize fraud, waste and abuse in the Medicaid system. (Section 6032 of the Deficit Reduction Act of 2005)

As an entity that receives payments from Medicaid, MRCI is required to comply with Deficit Reduction Act. One of the laws included in the Deficit Reduction Act that applies to MRCI is the False Claims Act.

False Claims Act -

One of the primary purposes of False Claims Act (FCA) is to combat fraud and abuse in government health care programs. False claims laws do this by making it possible for the government to bring civil actions to recover damages and penalties when healthcare providers submit false claims. These laws often permit qui tam suits as well, which are lawsuits brought by lay people, typically employees or former employees of healthcare providers that submit false claims.

The federal FCA forbids knowing and willful false statements or representations made in connection with a claim submitted for reimbursement to a federal health care program, including Medicaid. The FCA extends to those who have actual knowledge of the falsity of the information as well as those who act in deliberate ignorance or in reckless disregard.

Examples of a false claim include submitting a claim for a service that was not rendered or billing multiple payers for the same service. Penalties include fines from \$5,500 to \$11,000 per false claim, payment of treble damages, and exclusion from participation in federal healthcare programs. (False Claims Act: 31 USC sections 3729 – 3733)

The federal FCA includes a whistleblower provision, which allows someone with actual knowledge of alleged FCA violations to file suit on the federal government's behalf. After the whistleblower files suit, the case is kept confidential while the government conducts an investigation to determine whether it has merit. The government may decide to take over the case, but, if it declines to do so, the whistleblower still may pursue the suit. A whistleblower who prevails may qualify for 15 to 30 percent of the amount recovered on the government's behalf as well as attorney's fees and costs.

The FCA and Minnesota State law prohibits employers from retaliating against employees who file or participate in the prosecution of a whistleblower suit. (Minnesota Statutes § 181.932, subdivision 1)

Qui tam Suits - Lawsuits brought by lay people, typically employees or former employees of health care providers that submit false claims. Also known as the "whistleblower" provision.

Entity - Includes a governmental agency, organization, unit, corporation, partnership, or other business arrangement (including any Medicaid managed care organization, irrespective of the form of business structure or arrangement by which it exists), whether for-profit or not-for-profit, which receives or makes payments, under a State plan approved under title XIX or under any waiver of such plan, totaling at least \$5,000,000 annually.

If an entity furnishes items or services at more than a single location or under more than one contractual or other payment arrangement, the provisions apply if the aggregate payments to that entity meet the \$5,000,000 annual threshold. This applies whether the

entity submits claims for payments using one or more provider identification or tax identification numbers.

Employee - Includes any officer, manager or employee of the entity.

Contractor - Includes any contractor, subcontractor, agent, or other person which or who, on behalf of the entity, furnishes, or otherwise authorizes the furnishing of Medicaid health care items or services, performs billing or coding functions, or is involved in monitoring of health care provided by the entity.

EOR/FSE Responsible Parties - Applies to EOR/FSE and includes consumer/consumer representatives who are responsible for submitting employee work hours, receipts for reimbursement, etc.