



# CORPORATE COMPLIANCE POLICY

## **POLICY CC-14 FALSE CLAIMS ACT**

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- I. **Policy:** Children's Health System (CHS) Corporate Compliance Department (Department) established this system-wide policy to inform the CHS community (including but not limited to employees, Board of Trustees, management, volunteers, medical staff members, contractors, and/or agents) about the role of the federal False Claims Act and similar laws.
  
- II. **Purpose:** To educate the CHS community regarding the False Claims Act and similar laws in compliance with the Deficit Reduction Act of 2005, Section 6032, and to affirm CHS commitment to detect and prevent fraud, waste, and abuse.
  
- III. **Procedure:**
  - A. General
    1. CHS is committed to comply with all applicable laws and regulations. CHS established its Corporate Compliance Program, Code of Conduct, policies and procedures, compliance education, and auditing and monitoring as an expression of our commitment to uphold ethical and legal behavior.
    2. The CHS community must abide by the CHS Code of Conduct which includes abiding by the requirements of Medicare, Medicaid, and other federal healthcare programs. This involves maintaining proper patient and business records and following truthful and accurate coding and billing practices.
    3. The CHS community should contact one of the following resources available within CHS if they have knowledge or concern regarding a potential false claim:
      - a. Corporate Compliance Officer (205) 939-9006; or
      - b. External Compliance Hotline at (800) 624-9775.
      - c. External website [www.integrity-helpline.com/chsys.jsp](http://www.integrity-helpline.com/chsys.jsp)  
The external Hotline and Website are confidential services available 24/7.
    4. CHS policy strictly prohibits retaliation, in any form, against an individual making a report in good faith by internal or external mechanisms.

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### B. False Claims Act

1. The false claims laws are designed to prevent and detect fraud and abuse in government healthcare programs. They do this by authorizing the government to bring civil action to recover damages and penalties from, and criminal actions to prosecute, healthcare providers that submit false claims. Some of these laws also allow lay people to bring lawsuits on behalf of the government against such providers.
2. The federal False Claims Act (31 United States Code Sections 3729-33) is an anti-fraud law. Violations of the False Claims Act can include “knowingly” (1) submitting a false claim for payment, (2) making or using a false record or statement to obtain payment for a false claim, (3) conspiring to make a false claim or to get one paid, or (4) making or using a false record to avoid payments to the U.S. Government. “Knowingly” means a person: (1) has actual knowledge the information is false, (2) acts in deliberate ignorance of the truth or falsity of the information, or (3) acts in reckless disregard of the truth or falsity of the information. Examples of potential false claims could be billing for services that were not provided or making false statements to inappropriately increase payments for products or services provided.
3. The False Claims Act contains provisions which allow individuals with information concerning fraud involving government programs (whistleblowers) to file a lawsuit on behalf of the government. If the lawsuit is successful, the individual may be eligible to receive a portion of the recoveries received by the government. The False Claims Act also contains a whistleblower provision making it illegal for an employer to discharge, demote, suspend, threaten, harass, or discriminate against an employee as a result of the employee filing a False Claims Act suit. A mistreated whistleblower may sue the employer in federal court for reinstatement, two times back pay plus interest, and any special damages, such as attorney’s fees. This is further explained in the U.S. Department of Justice website, <http://www.usdoj.gov>.
4. Penalties for violating the False Claims Act are significant. Financial penalties for submitting a false claim can total as much as three times the amount of the claim, plus fines of \$5,500 to \$11,000 per claim. Exclusion from participation in federal government healthcare programs may also result. Similar federal laws prohibiting false claims provide for administrative recoveries and penalties (31 United States Code, Sections 3801-3812) and criminal fines and jail time (18 United States Code, Sections 287, 1001). In addition, Alabama has a

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Medicaid anti-fraud statute that makes it a felony to submit false claims or statements to the Alabama Medicaid Agency.

5. The CHS Corporate Compliance Officer should be contacted for further information regarding these laws or CHS Corporate Compliance Program.

Refer to Code of Conduct: Commitment 8 Maintain Accurate Patient and Business Records;  
Commitment 9 Ensure Accurate Coding and Billing Practices  
Commitment 12 Cooperate with Government Agencies