

<b>DEPARTMENT:</b> Legal	<b>POLICY DESCRIPTION:</b> Kansas False Claims Statutes Policy
<b>PAGE:</b> 1 of 5	<b>REPLACES POLICY DATED:</b> 1/1/07, 9/1/07, 2/10/09, 7/15/09, 9/1/13
<b>EFFECTIVE DATE:</b> September 1, 2018	<b>REFERENCE NUMBER:</b> LL.KS.001
<b>APPROVED BY:</b> Ethics and Compliance Policy Committee	

**SCOPE:** All employees and, as defined below, contractors or agents of Company affiliates located in the State of Kansas or providing services to Medicare or Medicaid providers located in the state of Kansas, including, but not limited to, hospitals, ambulatory surgery centers, outpatient imaging centers, home health agencies, physician practices, service centers and all Corporate Departments, Groups, Divisions and Markets.

**PURPOSE:** To comply with certain requirements set forth in the Deficit Reduction Act of 2005 with regard to federal and state false claims laws.

**POLICY:** Company affiliates who are Medicare or Medicaid providers in Kansas or provide services to Kansas Medicare or Medicaid providers must ensure that all employees, including management, and any contractors or agents, 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.

**FALSE CLAIMS LAWS**

One of the primary purposes of false claims laws 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 facilities that submit false claims. There is a federal False Claims Act. Kansas has adopted a similar false claims act that contains only a whistleblower protection provision that is similar to the whistleblower protection provision found in the federal False Claims Act. Additionally, Kansas has adopted a generally applicable Medicaid antifraud statute that is intended to prevent the submission of false and fraudulent claims to the Kansas Medicaid program.

**FEDERAL FALSE CLAIMS LAWS**

Under the federal False Claims Act, any person or entity that knowingly submits a false or fraudulent claim for payment of United States Government funds, or knowingly retains an overpayment of such funds more than 60 days, is liable for significant penalties and fines. The fines include a penalty of up to three times the Government’s damages, civil penalties ranging from \$10,957 to \$21,916 per false claim, as adjusted by the Federal Civil Penalties Inflation Adjustment Act of 1990, plus the costs of the civil action against the entity that submitted the false claims. Generally, the federal False Claims Act applies to any federally funded program. The federal False Claims Act applies, for example, to claims submitted by healthcare providers to Medicare or Medicaid.

One of the unique aspects of the federal False Claims Act is the “qui tam” provision, commonly referred to as the “whistleblower” provision. This provision allows a private person with knowledge of

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a false claim to bring a civil action on behalf of the United States Government to recover the funds paid by the Government as a result of the false claim. If the suit is ultimately successful, the whistleblower who initially brought the suit may be awarded a percentage of the funds recovered. In addition, the United States Government may elect to join the qui tam suit. In this case, if the suit is successful, the percentage of the funds awarded to the whistleblower is lower because the Government will take over the expenses of the suit. However, regardless of whether the Government participates in the lawsuit, the court may reduce the whistleblower's share of the proceeds if the court finds that the whistleblower planned and initiated the false claims violation. Further, if the whistleblower is convicted of criminal conduct related to his role in the false claim, the whistleblower will be dismissed from the civil action without receiving any portion of the proceeds.

The federal False Claims Act also contains a provision that protects a whistleblower from retaliation by his or her employer. This applies to any employee who is discharged, demoted, suspended, threatened, harassed, or discriminated against in his or her employment as a result of the employee's lawful acts in furtherance of a false claims action. The whistleblower may bring an action in the appropriate federal district court and is entitled to reinstatement with the same seniority status, two times the amount of back pay, interest on the back pay, and compensation for any special damages as a result of the discrimination, such as litigation costs and reasonable attorney's fees.

A similar federal law is the Program Fraud Civil Remedies Act of 1986 (the "PFCRA"). It provides administrative remedies for knowingly submitting false claims and statements. A false claim or statement includes submitting a claim or making a written statement that is for services that were not provided, or that asserts a material fact that is false, or that omits a material fact. A violation of the PFCRA results in a maximum civil penalty of \$5,000 per claim plus an assessment of up to twice the amount of each false or fraudulent claim.

### **KANSAS FALSE CLAIMS LAWS**

The Kansas False Claims Act ("KFCA") is a civil statute that helps the state combat fraud and recover losses resulting from fraud in the Kansas Medicaid program. In addition, Kansas has a criminal statute, the Kansas Medicaid Fraud Control Act ("KMFCRA"), which provides criminal sanctions in cases of Medicaid fraud.

Violations of the KCFA include, but are not limited to, the following: (1) knowingly presenting or causing to be presented to any employee, officer or agent of the state or political subdivision thereof or to any contractor, grantee or other recipient of state funds or funds of any political subdivision thereof, a false or fraudulent claim for payment or approval; (2) knowingly making, using or causing to be made or used a false record or statement to get a false or fraudulent claim paid or approved; (3) defrauding the state or any political subdivision thereof by getting a false claim allowed or paid by knowingly making, using or causing to be made or used, a false record or statement to conceal, avoid or decrease an obligation to pay or transmit money or property to the state or to any political subdivision thereof; (4) having possession, custody or control of public property or money used or to

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be used by the state or any political subdivision thereof and knowingly delivering or causing to be delivered less property or money than the amount for which the person receives a certificate or receipt; (5) being the beneficiary of an inadvertent submission of a false claim to any employee, officer or agent of the state or political subdivision thereof, or to any contractor, grantee or other recipient of the state funds or funds of any subdivision thereof, who subsequently discovers the falsity of the claim and fails to disclose the false claim and make satisfactory arrangements for repayment to the state or affected political subdivision thereof within a reasonable time after discovery of the false claim; or (6) conspiring to commit any violation of the above acts. Penalties imposed for KFCA violations include actual damages, plus a fine of \$1,000 to \$10,000 per claim and treble. See Kan. Stat. Ann. §§ 75-7501 et seq.

The Kansas Attorney General shall investigate suspected KFCA violations and may bring civil action against a person who has violated the KFCA. The KFCA does not create a private action on behalf of the individual and the State. See Kan. Stat. Ann. § 75-7504.

**Whistleblower Protection**

The KFCA contains an employee protection provision that provides that any employee who is discharged, demoted, suspended, threatened, harassed or in any other manner retaliated against in the terms and conditions of employment by his or her employer because of lawful acts undertaken in good faith by the employee on behalf of the employee or others, in furtherance of an action under the KFCA. The employee is entitled to all relief necessary to make the employee whole. See Kan. Stat. Ann. § 75-7506.

**KANSAS MEDICAID FRAUD CONTROL STATUTE**

Kansas has also adopted the KMFCA, intended to prevent fraud and abuse in the Kansas Medicaid program. Violations of the KMFCA include, but are not limited to, the making, presenting, submitting, offering or causing to be made, presented submitted or offered any of the following with the intent to defraud: (1) any false or fraudulent claim for payment of any goods, service, item, facility accommodation for which payment may be made, in whole or in part, under the Medicaid program, whether or not the claim is allowed or allowable; (2) any false or fraudulent statement or representation for use in determining payment which may be made, in whole or in part, under the Medicaid program, whether or not the claim is allowed or allowable; or (3) any false or fraudulent report or filing which is or may be used in computing or determining a rate of payment for any goods, service, item, facility or accommodation for which payment may be made, in whole or in part, by commission or omission, whether or not the claim is allowable. A person who violates the above prohibitions may be liable for restitution, including interest and reasonable expenses incurred in the investigation, litigation, and attorney fees, and a fine no less than \$1,000 and no more than \$11,000 for each violation. Violation of the KMFCA is also a criminal offense punishable by imprisonment. See Kan. Stat. Ann. §§ 21-5925, et seq.

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**REPORTING CONCERNS REGARDING FRAUD, ABUSE AND FALSE CLAIMS**

The Company takes issues regarding false claims and fraud and abuse seriously. The Company encourages all employees, management, and contractors or agents of the Company's affiliated facilities to be aware of the laws regarding fraud and abuse and false claims, and to identify and resolve any issues immediately. Issues are resolved fastest and most effectively when given prompt attention at the local level. Therefore, the Company encourages its affiliated facilities' employees, managers, and contractors to report concerns to their immediate supervisor when appropriate. If the supervisor is not deemed to be the appropriate contact or if the supervisor fails to respond quickly and appropriately to the concern, then the individual with the concern should be encouraged to discuss the situation with the Company's human resources manager, the Company's ECO, another member of management, or with the Company's Ethics Hotline (1-800-455-1996).

Employees, including management, and any contractors or agents of Company-affiliated facilities, should be aware of related facility policies regarding detection and prevention of health care fraud and abuse. These policies and procedures can be accessed on Atlas, the Company's Intranet site, or the Company website at [www.hcahealthcare.com](http://www.hcahealthcare.com). The following are some of the policies that are relevant to this policy and to the prevention and detection of fraud and abuse: (1) EC.025 - Reporting Compliance Issues and Occurrences to the Corporate Office Policy; (2) REGS.GEN.015 - Correction of Errors Related to Federal and State Healthcare Program FFS Reimbursement Policy; and (3) RB.009 - Reporting of Cost Report Overpayment Policy. Note that employees, contractors, and agents of Company affiliates providing services to other, non-affiliated facilities should also understand that all such facilities are expected to have similar policies applying to contractors (including the Company) requiring (1) compliance with federal and state laws, including false claims laws; (2) reporting of potential overpayments and compliance concerns; and (3) the whistleblower protections described above.

**DEFINITION:**

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

**PROCEDURE:**

Company responsibilities include, but are not limited to:

- a. Ensuring that all employees, including management, and any contractors or agents of the facility, are provided with this policy, within 30 days of commencing employment or contractor status.

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<p>b. Ensuring that the Company handbook includes a detailed summary of this policy.</p> <p>c. Revising this policy as necessary to comply with changes in the law. Changes must be documented and implemented. When policies and procedures are revised, the previous versions of the policies and procedures must be retained for ten (10) years.</p>
<p><b>REFERENCES:</b></p> <ol style="list-style-type: none"> <li>1. Kan. Stat. Ann. §§ 75-7501, <i>et seq.</i></li> <li>2. Kan. Stat. Ann. §§ 21-5925, <i>et seq.</i></li> <li>3. 31 U.S.C. §§ 3801-3812</li> <li>4. 31 U.S.C. §§ 3729-3733</li> <li>5. Deficit Reduction Act of 2005, Sections 6031, 6032</li> <li>6. HCA Code of Conduct, "Resources for Guidance and Reporting Concerns"</li> </ol>