

# DEFICIT REDUCTION ACT AND FALSE CLAIMS POLICY INFORMATION FOR RHODE ISLAND WORKFORCE MEMBERS

The Company is committed to preventing health care fraud, waste and abuse and complying with applicable state and federal fraud, waste and abuse laws. To ensure compliance with such laws, the Company has mechanisms in place to detect and prevent fraud, waste and abuse. It also supports the efforts of federal and state authorities in identifying fraud, waste and abuse.

## I FRAUD, WASTE AND ABUSE LAWS:

### A. FEDERAL LAWS

1. **Federal False Claims Act** - The Federal False Claims Act ("FCA") imposes liability on any person who submits a claim to the federal government that he/she knows (or should know) is false. The FCA also imposes liability on an individual who: i) knowingly submits a false record to obtain payment from the government; or ii) obtains money from the government to which he/she may not be entitled, and then uses false statements or records in order to retain the money.

In addition to having actual knowledge that the claim is false, a person who acts in reckless disregard or in deliberate ignorance of the truth or falsity of the information can also be found liable under the FCA. Proof of specific intent to defraud is not required. However, honest mistakes or mere negligence are not the basis of false claims. The FCA provides for civil penalties of five thousand five hundred dollars and eleven thousand dollars per false claim plus three times the amount of damages that the government sustains.

2. **Federal Program Fraud Civil Remedies Act of 1986** - The Federal Program Fraud Civil Remedies Act of 1986 is a statute that establishes an administrative remedy against any person who presents or causes to be presented a claim or written statement that the person knows or has reason to know is false, fictitious, or fraudulent due to an assertion or omission to certain federal agencies (including the Centers for Medicare and Medicaid Services). The word "claim" in the statute includes any request or demand for property or money, e.g., grants, loans, insurance or benefits, when the United States Government provides or will reimburse any portion of the money.

The Federal Government may investigate and, with the Attorney General's approval, commence proceedings if the claim is less than one hundred and fifty thousand dollars. The Act provides for civil monetary sanctions to be imposed in administrative hearings, including penalties of five thousand five hundred dollars per claim and an assessment, in lieu of damages, of two times the amount of the original claim.

### B. STATE LAWS

1. **Rhode Island False Claims Act (R.I.G.L. § 9-1.1-3)**

A person may not knowingly present or cause to be presented a false or fraudulent claim for payment or approval or knowingly make, use or cause to be made or used, a false record or statement material to a false or fraudulent claim. Under the Rhode Island FCA, "knowing" and "knowingly" means that a person has actual knowledge of the information; acts in deliberate ignorance of the truth or falsity of the information; acts in reckless disregard of the truth or falsity of the information; and requires no proof of specific intent to defraud." The Rhode Island False Claims Act provides for a civil penalty of not less than \$5,000 and not more than \$11,000, plus treble damages and costs.

2. **Medical Assistance Fraud/Medicaid Anti-Kickback Law (R.I.G.L. § 40-8.2-3)**

Outlines 18 unlawful intentional acts with respect to Medicaid fraud, including presenting or causing to be presented any materially false or fraudulent claim or cost report for the furnishing of services or merchandise for preauthorization or payment to the Rhode Island Medicaid program. The anti-kickback

portion of this statute makes it unlawful to solicit, receive, offer, or pay any remuneration, including any kickback, bribe or rebate, directly or indirectly, in cash or in kind, to induce referrals from or to any person in return for furnishing of services or merchandise or in return for referring an individual to a person for the furnishing of any services or merchandise for which payment may be made, in whole or in part, under the Rhode Island Medicaid program. (For the "general" Rhode Island Anti-Kickback statute, see the Rhode Island Patient Protection Act – R.I.G.L. 5-48.1-3).

### **3. Financial Interest Disclosure (R.I.G.L. § 23-17-46)**

Requires any health care facility which refers clients to another licensed health care facility or to a residential care/assisted living facility or to a certified adult day care program in which the referring entity has a financial interest to disclose in writing: (i) that the referring entity has a financial interest in the facility or provider to which the referral is being made and (ii) that the client has the option of seeking care from a different facility provider which is also licensed and/or certified by the state to provide similar services to the client, and must provide to the client a written list (prepared by the department) of all alternative licensed and/or certified facilities or providers. Non-compliance with this statute constitutes grounds to revoke, suspend or otherwise discipline the licensee, denial of an application for licensure by the director, or administrative penalties.

## **II WHISTLEBLOWER PROTECTION:**

### **A. FEDERAL LAWS**

Employees may bring a civil action in the name of the government for a violation of the federal False Claims Act. These individuals, known as "qui tam relators," may share in a percentage of the proceeds from a False Claims Act action or settlement. The FCA provides for protection for employees from retaliation. Any employee who is discharged, demoted, suspended, threatened, harassed, or discriminated against in terms and conditions of employment because of lawful acts conducted in furtherance of an action under the False Claims Act may bring an action seeking reinstatement, two times the amount of back pay plus interest, and other enumerated costs, damages and fees. However, if the employee brings an action against an employer that has no basis in law or fact, or is primarily for harassment, the employee bringing the lawsuit may have to pay the employer its fees and costs.

### **B. STATE LAW**

#### **Whistleblower Protection (R.I.G.L. § 28-50-3)**

The Rhode Island Whistleblowers' Protection Act is codified in R.I.G.L. § 28-50-3. Furthermore, R.I.G.L. § 27-63-1 provides immunity for reporting health care fraud.

## **III DETECTION AND PREVENTION OF FRAUD, WASTE AND ABUSE:**

The Company has personnel dedicated to conducting periodic internal audits of our compliance with state and federal fraud and abuse laws. Issues identified on audit are reported to the Compliance Officer and may be elevated to regulatory agencies.

The Company maintains an anonymous compliance hotline to accept calls from employees and contractors concerning suspected fraud, waste and abuse. Employees and contractors are encouraged to report any issue of concern to the compliance hotline at 1-855-663-0144.

#### **Some examples of reportable fraudulent activity may include:**

- Offers of free gifts, services or care in exchange insurance information or for agreeing to get medical care.
- Billing insurance for services that are not provided or cost more than customary or expected.

- Providing services that are less than billed such as when a newly filled prescription bottle has less pills in it than what is indicated on the label.
- Persuading people to get healthcare services they do not need or billing for services that are not medically necessary.
- A person using someone else's insurance card information to get healthcare.
- Misuse or abuse of insurance paid medical services such as reselling drugs or medical supplies.
- Providing misleading information and forging or altering a medical records or prescriptions.
- Bribes or kickbacks for referrals, services or orders.
- Any violation of our Code of Conduct or business practice that does not seem right.

#### IV WHAT TO DO IF AN EMPLOYEE SUSPECTS FRAUD, WASTE OR ABUSE HAS OCCURRED:

**The Company has a policy of non-intimidation and non-retaliation for good faith reporting of compliance concerns.**

If an employee or contractor observes or suspects a violation of the previously listed laws and/or fraudulent activity, the employee is required to report the matter by:

- a) Contacting the supervisor or Compliance Officer
- b) Calling the anonymous reporting compliance hotline at 1-855-663-0144
- c) Reporting directly to the EAS Compliance Director at 716-633-3900.
- d) Completing an on line report at [www.elderwoodadministrativeservices.ethicspoint.com](http://www.elderwoodadministrativeservices.ethicspoint.com)
- e) Clicking the report form link in the compliance section of our website

A report may also be made by the employee directly to the State of Rhode Island Department of Human Services. However, we encourages employees to consider first reporting suspected fraud, waste or abuse to the Compliance Officer to allow us to quickly address potential issues. The Company will not intimidate or retaliate against any employee for informing anyone in our organization, the federal or state governments of a possible violation of law.

#### V PHARMACY AND PRESCRIPTION PROGRAM TO CONTROL FRAUD, WASTE AND ABUSE: Examples of potential fraud, waste and abuse include but are not limited to:

- A. INAPPROPRIATE BILLING PRACTICES: Inappropriate billing practices at the pharmacy level occur when pharmacies engage in the following types of billing practices:**
  - 1) Incorrectly billing for secondary payers to receive increased reimbursement.
  - 2) Billing for non-existent prescriptions.
  - 3) Billing multiple payers for the same prescriptions, except as required for coordination on benefit transactions.
  - 4) Billing for brand when generics are dispensed.
  - 5) Billing for non-covered prescriptions as covered items.
  - 6) Billing for prescriptions that are never picked up (i.e., not reversing claims that are processed when prescriptions are filled but never picked up).
  - 7) Billing based on "gang visits", e.g., a pharmacist visits a nursing home and bills for numerous pharmaceutical prescriptions without furnishing any specific service to individual patients.
  - 8) Inappropriate use of dispense as written ("DAW") codes.
  - 9) Prescription splitting to receive additional dispensing fees.
  - 10) Drug diversion.

- B. PRESCRIPTION DRUG SHORTING**

Pharmacist provides less than the prescribed quantity and intentionally does not inform the patient or make arrangements to provide the balance but bills for the fully-prescribed amount.

**C. BAIT AND SWITCH PRICING**

Bait and switch pricing occurs when a beneficiary is led to believe that a drug will cost one price, but at the point of sale the beneficiary is charged higher amount.

**D. PRESCRIPTION FORGING OR ALTERING**

Where existing prescriptions are altered, by an individual without the prescriber's permission to increase quantity or number of refills.

**E. DISPENSING EXPIRED OR ADULTERATED PRESCRIPTION DRUGS**

Pharmacies dispense drugs that are expired, or have not been stored or handled in accordance with manufacturer and FDA requirements.

**F. PRESCRIPTION REFILL ERRORS**

A pharmacist provides the incorrect number of refills prescribed by the provider.

**G. ILLEGAL REMUNERATION SCHEMES**

Pharmacy if offered, or paid, or solicits, or receives unlawful remuneration to induce or reward the pharmacy to switch patients to different drugs, influence prescribers to prescribe different drugs or steer patients to plans.

**H. TROOP MANIPULATION for Medicare Part D**

When a pharmacy manipulates TrOOP to either push a beneficiary through the coverage gap, so the beneficiary can reach catastrophic coverage before they are eligible, or manipulates TrOOP to keep a beneficiary in the coverage gap so that catastrophic coverage is never realized.

**I. FAILURE TO OFFER NEGOTIATED PRICES for Medicare Part D**

Occurs when a pharmacy does not offer a beneficiary the negotiated price of a Part D drug.

Attached attestation

**Deficit Reduction Act and  
False Claims Policy for Rhode Island Workforce Members  
ATTESTATION**

I have received a copy of the Deficit Reduction Act and False Claims Act Information for Rhode Island RI Workforce Members handout.

I am committed to preventing health care fraud, waste and abuse and complying with applicable state and federal laws. I understand that I am required by law to report any such violations to the Company Compliance Officer and may report the State of Rhode Island Department of Human Services.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Employee Name Printed