



CRCM CORPORATE COMPLIANCE PROGRAM

- Craven Regional Medical Center has a Corporate Compliance Program and expects that all persons who work for or conduct business with the Hospital will comply with the highest legal and ethical standards. This includes, but is not limited to, avoiding submission of any false or misleading billing, claims for services, or requests for rewards for referrals relating to any governmental reimbursement programs (e.g. Medicare and Medicaid) and complying with laws and regulations, including but not limited to, the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") relating to maintaining the confidentiality of patient protected health information.

Submission of false or fraudulent claims or other violations involving governmental reimbursement programs and violation of patient confidentiality laws can lead to substantial civil monetary penalties and criminal punishments. The federal False Claims Act (31 U.S.C. §3729 - 3733) makes it unlawful for any person or organization to knowingly make a false record or file a false or fraudulent claim for payment with the government. "Knowingly" may include deliberate action or reckless ignorance or disregard of facts that make the claim false. Penalties for violating the federal False Claims Act may be up to three times the value of the false claim, plus fines.* There is also North Carolina law that prohibits filing of false or fraudulent claims with the Medicaid program (N.C.G.S. §108A-70.10 et seq.).

- The Hospital is committed to complying with applicable laws, rules, and regulations and detecting and encouraging reporting of fraud, false claims, or other violations. Persons who report actual or suspected compliance concerns or compliance violations will not be subjected to retaliation. Compliance concerns should be reported directly to the Compliance Officer or through the Compliance Hotline (Telephone No. 1-800-591-0942). Actual or suspected violations of patient confidentiality may be reported to the Hospital's HIPAA Privacy Director (Telephone No. 252-633-8794) or HIPAA Security Director (Telephone No. 252-633-8894).
- All Hospital employees, agents, vendors and contractors are expected to comply with all applicable laws and with Hospital policies and procedures relating to compliance and are encouraged to report actual or suspected compliance violations.
- The Hospital provides compliance information to employees through employee orientation and reorientation and on the Hospital intranet.
- Compliance Information is available to vendors and contractors through the Director of the Hospital's Purchasing Department (Telephone No: 252-633-8870).

* More specific information about the Federal False Claims Act is as follows:

The False Claims Act ("FCA") provides, in pertinent part, that:

(a) Any person who (1) knowingly presents, or causes to be presented, to an officer or employee of the United States Government or a member of the Armed Forces of the United States a false or fraudulent claim for payment or approval; (2) knowingly makes, uses, or causes to be made or used, a false record or statement to get a false or fraudulent claim paid or approved by the Government; (3) conspires to defraud the Government by getting a false or fraudulent claim paid or approved by the Government; . . . or (7) knowingly makes, uses, or causes 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 Government, is liable to the United States Government for a civil penalty of not less than \$5,000 and not more than \$10,000, plus 3 times the amount of damages which the Government sustains because of the act of that person

(b) For purposes of this section, the terms "knowing" and "knowingly" mean that a person, with respect to information (1) has actual knowledge of the information; (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, and no proof of specific intent to defraud is required. 31 U.S.C. § 3729. While the False Claims Act imposes liability only when the claimant acts "knowingly," it does not require that the person submitting the claim have 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, also can be found liable under the Act. 31 U.S.C. 3729(b).

In summary, the False Claims Act imposes liability on any person who submits a claim to the federal government that he or she knows (or should know) is false. An example may be a physician who submits a bill to Medicare for medical services she knows she has not provided. The False Claims Act also imposes liability on an individual who may knowingly submit a false record in order to obtain payment from the government. An example of this may include a government contractor who submits records that he knows (or should know) is false and that indicate compliance with certain contractual or regulatory requirements. The third area of liability includes those instances in which someone may obtain money from the federal government to which he may not be entitled, and then uses false statements or records in order to retain the money. An example of this so-called "reverse false claim" may include a hospital who obtains interim payments from Medicare throughout the year, and then knowingly files a false cost report at the end of the year in order to avoid making a refund to the Medicare program.

In addition to its substantive provisions, the FCA provides that private parties may bring an action on behalf of the United States. 31 U.S.C. 3730 (b). These private parties, known as "*qui tam* relators," may share in a percentage of the proceeds from an FCA action or settlement.

Section 3730(d)(1) of the FCA provides, with some exceptions, that a *qui tam* relator, when the Government has intervened in the lawsuit, shall receive at least 15 percent but not more than 25 percent of the proceeds of the FCA action depending upon the extent to which the relator substantially contributed to the prosecution of the action. When the Government does not intervene, section 3730(d)(2) provides that the relator shall receive an amount that the court decides is reasonable and shall be not less than 25 percent and not more than 30 percent.

The FCA provides protection to *qui tam* relators who are discharged, demoted, suspended, threatened, harassed, or in any other manner discriminated against in the terms and conditions of their employment as a result of their furtherance of an action under the FCA. 31 U.S.C. 3730(h). Remedies include reinstatement with comparable seniority as the *qui tam* relator would have had but for the discrimination, two times the amount of any back pay, interest on any back pay, and compensation for any special damages sustained as a result of the discrimination, including litigation costs and reasonable attorneys' fees.