

## **Detection and Prevention of Fraud, Waste and Abuse and Applicable Federal and State Laws**

### **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, and a Texas state version of the False Claims Act. 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 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 \$5,500 to \$11,000 per false claim, and 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 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 allows a private person with knowledge of a false claim to bring a civil action on behalf of the United States Government. The purpose of bringing the qui tam suit is to recover the funds paid by the Government as a result of the false claims. Sometimes the United States Government decides to join the qui tam suit. If the suit is ultimately successful, the whistleblower that initially brought the suit may be awarded a percentage of the funds recovered. Because the Government assumes responsibility for all of the expenses associated with a suit when it joins a false claims action, the percentage is lower when the Government joins a qui tam claim. 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 preparation or submission of the false claims, 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 employer. This applies to any employee who is discharged, demoted, suspended, threatened, harassed, or discriminated against in his 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.

Texas has a state version of the false Claims Act that is substantially similar to the federal False Claims act. The actions that trigger civil and criminal penalties under the Texas Act generally mirror those of the federal False Claims Act. However, under the Texas False Claims Act, a person may also be liable if he presents a claim for payment under the Medicaid program for a product or service that was rendered by an unlicensed provider or that has not been approved by a healthcare practitioner. The Texas False Claims Act also triggers for the federal False Claims Act in that the Civil penalty is greater for unlawful acts that result in injury to an elderly person, a disabled person, or someone younger than eighteen.

The Texas False Claims Act also has a whistleblower provision. Like the federal False Claims Act, the Texas law includes provisions to prevent employers from retaliating against employees who report their employer's false claims.

The State of Texas has also adopted several other false claims statutes that are intended to prevent fraud and abuse in the Texas Medicaid program. These laws generally prohibit the filing of any false or fraudulent claim or documentation in order to receive compensation from the Texas Medicaid program.

### **Reporting concerns regarding Fraud, Abuse and False Claims**

DiagnosTemps takes issues regarding false claims and fraud and abuse seriously. DiagnosTemps encourages all employees 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. DiagnosTemps, therefore, encourages its employees to report concerns to the Management of DiagnosTemps when appropriate. If the Manager is not deemed to be the appropriate contact or if the Manager fails to respond quickly and appropriately to the concern, then the individual with the concern is encouraged to discuss the situation with the facility's Human Resources Manager.

---

Name (print)

---

Date

---

Signature

---

Date

---

DiagnosTemps

---

Date