

Accounting Policies & Procedures Manual		Policy & Procedure Number: 00-01	Page Number: 1 of 5
Subject: FRAUD PREVENTION			
Applies to:			
Current Review/Revision Date:	Last Revision Date:	Original Issue Date: 04/06/2022	

Education Concerning Anti-Fraud Compliance

Policy: It is the policy of THEIA to comply with all applicable federal and state laws and regulations, including those related to the submission of claims and other documentation to state and federal health care programs. To further this policy, and to comply with Section 6032 of the Deficit Reduction Act of 2005, Texas Human Resources Code Chapter 32, Sections 32.039 and 32.0391; Texas Human Resources Code Chapter 36; Texas Government Code Chapter 531, Subchapter C, Sections 531.101 et seq.; Texas Administrative Code, Title 1, Part 15, Chapter 371. THEIA shall ensure that all employees, including management, along with THEIA's contractors or agents, are provided with information regarding the federal and state false claims statutes, THEIA's own anti-fraud policies, and the role of such laws and policies in preventing and detecting fraud, waste and abuse in federal health care programs

Responsibility:

Procedure: THEIA shall provide notice to all employees, including management, and any contractors or agents regarding the federal and state false claim statutes, THEIA's own anti-fraud policies, and the role of such laws and policies in preventing and detecting fraud, waste and abuse in federal health care programs. The form of the Notice is set forth in Attachment A to this Policy and may be amended as necessary to reflect current laws.

The Notice shall be distributed to all current employees and THEIA orientation material and employee handbook, along with a specific discussion of THEIA's policies and procedures for detecting and preventing fraud, waste, and abuse.

THEIA shall provide this Policy and the Notice to all current contractors and agents and shall require such contractors to notify their employees and to comply with applicable laws. This policy will be added to all new contracts of new agents and contractors.

In addition, the 1-800-436-6184 number is posted in all locations controlled by THEIA.

ATTACHMENT A

THEIA HEALTH SERVICES, INC. NOTICE CONCERNING ANTI-FRAUD COMPLIANCE

The information in this Notice describes the primary false claims laws that apply to THEIA and the THEIA policies adopted to comply with such laws.

A. Federal False Claims Act: 31 U.S.C. §3729-3733.

One of the primary purposes of the federal False Claims Act is to combat fraud and abuse in government health care programs. The False Claims Act does this by making it possible for the government to bring civil actions to recover damages and penalties when healthcare providers submit false claims. The False Claims Act permits qui tam suits as well, which are lawsuits brought by individuals against healthcare facilities that submit false claims.

The False Claims Act explicitly excludes tax fraud. Section 3729 (e) states that the Act "does not apply to claims, records, or statements made under the Internal revenue Code." If you wish to report tax fraud, please call the IRS Fraud Hotline at 800-829-0433.

B. False Claims Act Prohibitions – The federal False Claims Act imposes liability on any person or entity who:

1. Knowingly files a false or fraudulent claim for payments to Medicare, Medicaid or other federally funded health care program;
2. Knowingly uses a false record or statement to obtain payment on a false or fraudulent claim from Medicare, Medicaid or other federally funded health care program; or
3. Conspires to defraud Medicare, Medicaid or other federally funded health care program by attempting to have a false or fraudulent claim paid.

While the False Claims Act imposes liability only when an individual acts "knowingly." The Act does not require that the person submitting the claims have actual knowledge that the claim is false. A person or entity who acts in reckless disregard or in deliberate ignorance of the truth or falsity of the information can also be found liable under the Act.

C. Types of Fraud Prosecuted Under the FCA – examples of fraud may include but not be limited to the following:

- A contractor falsifies test results or other information regarding the quality or cost of products it sells to the Government;
- A health care provider bills Medicare for services that were not performed or were unnecessary, or;
- A grant recipient charges the Government for costs not related to the grant.
- Billing for goods and services that were never delivered or rendered.
- Billing for marketing, lobbying or other non-contract related corporate activities.
- Submitting false service records or samples in order to show better-than-actual performance.
- Presenting broken or untested equipment as operational and tested.

- Performing inappropriate or unnecessary medical procedures in order to increase Medicare reimbursement.
- Billing for work or tests not performed.
- Billing for premium equipment but actually providing inferior equipment.
- Automatically running a lab test whenever the results of some other test fall within a certain range, even though the second test was not specifically requested.
- Defective testing - Certifying that something has passed a test, when in fact it has not.
- "Lick and stick" prescription rebate fraud and "marketing the spread" prescription fraud, both of which involve lying to the government about the true wholesale price of prescription drugs.
- Unbundling - Using multiple billing codes instead of one billing code for a drug panel test in order to increase remuneration.
- Bundling - Billing more for a panel of tests when a single test was asked for.
- Double billing - Charging more than once for the same goods or service.
- Upcoding - Inflating bills by using diagnosis billing codes that suggest a more expensive illness or treatment.
- Billing for brand - Billing for brand-named drugs when generic drugs are actually provided.
- Phantom employees and doctored time slips - Charging for employees that were not actually on the job, or billing for made-up ones in order to maximize reimbursements.
- Upcoding employee work - Billing at doctor rates for work that was actually conducted by a nurse or resident intern.
- Yield burning - skimming off the profits from the sale of municipal bonds.
- Falsifying natural resource production records - Pumping, mining or harvesting more natural resources from public lands that is actually reported to the government.
- Being over-paid by the government for sale of a good or service, and then not reporting that overpayment.
- Misrepresenting the value of imported goods or their country of origin for tariff purposes.
- False certification that a contract falls within certain guidelines (i.e. the contractor is a minority or veteran).
- Billing in order to increase revenue instead of billing to reflect actual work performed.
- Failing to report known product defects in order to be able to continue to sell or bill the government for the product.
- Billing for research that was never conducted; falsifying research data that was paid for the U.S. government.
- Winning a contract through kickbacks or bribes.
- Prescribing a medicine or recommending a type of treatment or diagnosis regimen in order to win kickbacks from hospitals, labs or pharmaceutical companies.
- Billing for unlicensed or unapproved drugs.
- Forging physician signatures when such signatures are required for reimbursement from Medicare or Medicaid.
- A health care provider who submits a bill to Medicare or Medicaid for medical services he knows or should know were not provided;
- A health care provider who submits records to Medicare or Medicaid that the provider knows or should know are false and that indicate compliance with certain contractual or regulatory requirements that were not met; and

- A health care provider that obtains interim payments from Medicare or Medicaid 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 government.

D. Penalties

A person or entity that violates the False Claims Act is liable for significant fines and penalties. The fines include civil money penalties ranging from \$5,500 to \$11,000 per false claim, plus three times the damages sustained by the government because of the false claim and the government's costs of the civil action.

E. Qui Tam and Whistleblower Protection Provision

One of the unique aspects of the federal False Claims Act is the Qui tam provision, commonly referred to as the A 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. If the suit is ultimately successful, the whistleblower that initially brought the suit may be awarded a percentage of the funds recovered. Sometimes the United States Government decides to join the qui tam suit. The percentage the recovery awarded to the whistleblower is generally lower when the government intervenes. Additionally, the court may reduce a whistleblower's share of the proceeds if the court finds that the whistleblower planned and initiated the violation. A whistleblower who brings a clearly frivolous qui tam action can also be held liable for the defendant's attorneys' fees and costs.

The federal False Claims Act includes protections for people who file qui tam lawsuits. An 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 is entitled to all relief necessary to make the employee whole. Such relief may include reinstatement, two times the amount of back pay, plus interest, and compensation for any special damages, including attorneys' fees and the costs of the litigation.

F. Limits of the False Claims Act

- Tax issues are not covered by the False Claims Act.
- For a civil case to be filed, the fraud has to reach a certain size, otherwise it is generally not worth it for the relator to risk his or her career to file suit, not is it worth it for a law firm to take on the case and risk the loss of the enormous time and expense that a False Claims Act represents.
- A defendant in a False Claims Act has to have relatively deep pockets. Many of the smaller companies that may be defrauding the government are liable to declare bankruptcy if faced with the triple damages that can be levied under the False Claims Act.
- A law firm that take on a False Claims Act case must believe it has a very strong case in order to proceed. Not only can a firm be out time and money, but if the government does not take the case and the whistleblower proceeds, he or she can be forced to pay the defendant's attorneys' fees if the court finds that the claim was frivolous or brought primarily for purposes of harassment.

G. The Program Fraud Civil Remedies Act of 1986; 31 U.S.C. § 3801-3812

The Program Fraud Civil Remedies Act of 1986 (the APFCRA) provides administrative remedies for knowingly submitting false claims and false statements to federal agencies. The PFCRA imposes liability on a person or entity that files a claim that is false or is supported by a written statement that is false or omits a material fact.

A violation of the PFCRA results in a maximum civil penalty of \$5,000 per each wrongfully filed claim, plus an assessment of up to twice the amount of each false or fraudulent claim that has been paid. These remedies are separate from, and in addition to, any liability that may be imposed under the federal False Claims Act.

H. Prevention of Fraud, Waste, and Abuse

Premiant, Inc maintains effective check and balances through business operations and consumer care operations to prevent fraud, waste, and abuse. These include but are not limited to: the use of a multi-layer review system to business operations and separating the "check signer" authority from the processing level.

In consumer care operations, multi layer reviews and monitoring are used as well as the use of quality assurance staff who operate outside the chain of command of operations.