

Addendum A – Summary of Federal and State False Claims Laws

Title: FH Compliance

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Entities Impacted: CMH (X) FH (X) FMCWCP (X) FMLH (X)
SJH (X)

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Summary of Federal and State False Claims Laws

Compliance with Federal and State False Claims Laws:

To comply with section 6032 of the Deficit Reduction Act of 2005, this attachment provides an overview of federal and state false claims laws.

A. The Federal False Claims Act (31 U.S.C. §§ 3729-3733)

The Federal False Claims Act is a law that prohibits a person or entity, such as Froedtert Hospital from “knowingly” presenting or causing to be presented a false or fraudulent claim for payment or approval to the Federal government, and from “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 by the Federal government. The Act also prohibits a person or entity from conspiring to defraud the government by getting a false or fraudulent claim allowed or paid. These prohibitions extend to claims submitted to Federal health care programs, such as Medicare or Medicaid.

The Federal False Claims Act broadly defines the terms “knowing” and “knowingly.” Specifically, knowledge will have been proven for purposes of the Federal False Claims Act if the person or entity: (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. The law specifically provides that a specific intent to defraud is not required in order to prove that the law has been violated.

A person or entity found guilty of violating this law is obligated to repay all of the falsely obtained reimbursement and will be liable for a civil penalty of up to \$10,000, plus three times the amount of actual damages sustained by the government as a result of the prohibited conduct for each violation of the Act. In addition to being liable for damages, civil penalties, and potential criminal liability, violating the Federal False Claims Act can subject a person or entity to exclusion from participation in Federal health care programs, such as Medicare and Medicaid.

B. Whistleblower Protections

Private persons are permitted to bring civil actions for violations of the Federal False Claims Act on behalf of the United States (also known as “qui tam” actions) and have the opportunity for monetary recovery. Persons bringing these claims (also known as “relators” or “whistleblowers”) are granted protection under the law. Specifically, any whistleblower who is discharged, demoted, suspended, threatened, harassed, or in any other manner

discriminated against by his or her employer because of reporting violations of the Federal False Claims Act will be entitled to reinstatement with the same seniority status that person would have had, double back pay, interest on the back pay, compensation for any special damages sustained as a result of discriminatory treatment, and attorneys' fees and costs.

C. **Program Fraud Civil Remedies Act (31 U.S.C. §§ 3801-3812)**

The Program Fraud and Civil Remedies Act (PFCRA) creates administrative remedies for making false claims and false statements. These penalties are separate from and in addition to any liability imposed under the False Claims Act. This law imposes liability on people or entities that file a claim that they know or have reason to know:

1. Is false, fictitious, or fraudulent;
2. Includes or is supported by any written statements that contain false, fictitious, or fraudulent information;
3. Includes or is supported by a written statement that omits a material fact, which causes the statement to be false, fictitious, or fraudulent, and the person or entity submitting the statement has a duty to include the omitted fact; or
4. Is for payment for property or services not provided as claimed.

Violations of this law are punishable by a \$5,000 civil penalty for each wrongfully filed claim, plus an assessment of twice the amount of any unlawful claim that has been paid.

In addition, people or entities submitting written statements that assert a material fact that is false, fictitious, or fraudulent; or omits a material fact they had a duty to include which caused the statement to be false and the statement contained a certification of accuracy will also be subject to additional penalties.

D. **The Medicare Civil and Criminal Penalties Update Act**

The Medicare Civil and Criminal Penalties Update Act [amended Section 1128A](#) of the Social Security Act ([42 U.S.C. 1320a-7a](#)). In 2018, this act increased Civil Monetary penalties and criminal fines for Federal health care program fraud and abuse, and for other purposes. This act amended the penalties and fines for violations, that doubled fines and penalties, up to \$100,000 or up to 10 years in prison or both; for making or causing to be made false statement or representations for acts involving Federal health care programs.

E. **Wisconsin Medicaid Fraud Statute, (s. 49.49(1) Wis. Stats.):**

The state Medicaid fraud statute prohibits any person from:

1. Knowingly and willfully making or causing to be made a false statement or misrepresentation of a material fact for use in determining rights to Medicaid benefits, or a claim made for Medicaid benefits or payments.
2. Having knowledge of an act affecting the initial or continued right to Medicaid benefits or payments of any other individual on whose behalf someone has applied for or is receiving the benefits or payments, concealing or failing to disclose such event with an intent to fraudulently secure Medicaid benefits or payments whether in a greater amount or quantity than is due or when no benefit or payment is authorized.
3. Making a claim for Medicaid benefits or payments for the use or benefit of another, and after receiving the benefit or payment, knowingly and willfully converting it or

any part of it to a use other than for the use and benefit of the intended person.

Anyone found guilty of the above may be imprisoned for up to a year, and fined not more than \$25,000, plus three times the amount of the actual damages or both.

F. **Health Care Worker Protection, Wisconsin statute 146.997:**

Protects employees of a health care facility or provider who disclose any of the following to an appropriate individual or agency:

1. Information that a health care facility or provider has violated any state law or rule or federal law or regulation;
2. A situation in which the quality of care provided by a health care facility or provider or by an employee of the health care facility or provider, violates established standards and poses a potential risk to public health or safety.
3. Specifically, the healthcare facility or provider cannot take or threaten to take disciplinary action against an individual because he/she reported his/her concerns or filed a complaint in good faith.