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**Owner:** April Peters: CORP DIR  
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**References:** Compliance  
**Applicability:** Southern Illinois Healthcare  
 Corporate System

## False Claims and Whistleblower Protections, SY-CO-019

### Applies to:

All employees, volunteers, students, physicians, vendors and contractors

### I. POLICY

Southern Illinois Healthcare (SIH) is committed to the timely identification and resolution of any compliance issues that may adversely affect government programs, employees, patients, or the organization. The Deficit Reduction Act requires the development and maintenance of a policy to educate all SIH representatives, including employees, volunteers, students, physicians and contractors, about the False Claims Act and whistleblower protections. The Compliance Program, Code of Ethics and Conduct Standards, and Corporate Compliance policies were developed to communicate to employees and others that SIH is receptive and responsive to their concerns about potential fraud, waste and abuse issues and to promote compliance with all legal and regulatory requirements, open and honest business practices, and reporting of ethical and compliance violations.

### II. DEFINITIONS

Abuse - practices that are inconsistent with accepted sound fiscal, business or medical practices, directly or indirectly, resulting in unnecessary costs to the Medicare and/or Medicaid program or improper reimbursement of services

Abusive Claim - claim with billing irregularities resulting from failure to follow sound business and/or medical practices that add unnecessary cost to the Medicare and Medicaid programs

Claim - a request, demand or submission made to an insurer for compensation for goods and/or services provided to the insured

Compliance Helpline - a phone line and on-line form dedicated to receiving reports of potential compliance violations, including false claims and other fraud and abuse

Deficit Reduction Act of 2005 (DRA) - signed into law on February 8, 2006, in an attempt to reduce fraud, waste and abuse within the Medicaid program. The DRA requires organizations to create written policies that provide detailed information about the False Claims Act established under sections 3729 through 3733 of title

31, United States Code, administrative remedies for false claims and statements established under chapter 38 of title 31, United States Code, state laws pertaining to penalties and whistleblower protections, and organizational efforts to detect and prevent fraud, waste and abuse.

False Claim - fraudulent or abusive claim, including but not limited to request for payment for services not provided, coding irregularities or billing errors due to a failure to follow sound business practices

Fraud - knowingly and willfully executing or attempting to execute a scheme to defraud any health care benefit program or to obtain, by means of false or fraudulent pretenses, representations, or promises, any of the money or property owned by, or under the custody or control of, any health care benefit program, in connection with the delivery of or payment for health care benefits, items or services

Fraudulent Claim - claim for which services were not provided or the services provided were different from those on the claim; fraud involves an intentional deception or misrepresentation that could result in an unauthorized benefit to someone or to an entity

Knowingly, knows or has reason to know - for purposes of establishing liability under False Claims laws, means that a person, with respect to a claim or statement, has actual knowledge that a claim or statement is false, fictitious or fraudulent; acts in deliberate ignorance of the truth or falsity of the claim or statement; or acts in reckless disregard of the truth or falsity of the claim or statement

Retaliation - any negative action taken against an individual specifically for reporting a compliance violation. Actual harm to the reporting individual is not necessary for the action to be considered retaliation

Violation of Corporate Compliance Program - an action, process, or behavior that results in a violation of or is contrary to federal law, rules, or regulations; state law, rules, or regulations; federal, state, and private payor healthcare program requirements; SIH's Corporate Compliance Plan; SIH policy; or SIH's Code of Ethics

Whistleblower - an individual who possesses and comes forward with information regarding possible false claims

### **III. RESPONSIBILITIES**

#### 1. Corporate Compliance Officer

1. Maintains an open door policy and the Compliance Helpline to allow individuals to report actual or perceived violations of the Corporate Compliance Program
2. Acts upon reports of actual or perceived compliance violations, including reports of retaliation against individuals, promptly and in an appropriate manner
3. Collaborates with Human Resources to investigate potential retaliation and advise the manager on disciplinary action
4. Conducts audits, investigations and annual risk assessment to prevent, detect and resolve any instances of non-compliance with federal and state law, including fraud, waste or abuse
5. Maintains and updates False Claims Act information in the SIH employee handbook and training materials

#### 2. Employees

1. Promptly report actual or perceived violations of the Corporate Compliance Program, including fraud, waste and abuse, to management, the Corporate Compliance Officer, or Compliance Helpline
2. Promptly report acts of retaliation against an individual for reporting a compliance violation

### 3. Managers/Supervisors

1. Maintain an "open-door policy" and take measures that encourage the reporting of compliance violations
2. Promptly report actual or alleged violations of the Corporate Compliance Program, including fraud, waste and abuse, to the Compliance Officer
3. Implement and maintain policies and procedures to reduce the likelihood of fraud, waste, and abuse
4. Promptly report acts of retaliation against an individual for reporting a compliance violation to the Compliance Officer

## IV. EQUIPMENT/MATERIALS

N/A

## V. PROCEDURE

### 1. False Claims Acts

#### 1. Federal

A. The federal False Claims Act (FCA) (31 U.S.C. §3729 et seq.) has existed since the Civil War, when the government noticed that companies were selling faulty war supplies to the Union Army.

1. Today this Act exists to fight fraudulent, abusive or false claims, including those submitted to the Medicare and Medicaid programs.

B. In general, the False Claims Act prohibits any person from submitting a false claim for payment or approval under a federally funded contract or program.

#### 2. Illinois

A. The false claims act in Illinois is entitled Whistleblower Act (740 ILCS 175/1, et seq.).

1. Like the False Claims Act, this Act does not apply to claims made under the Illinois Income Tax Act but covers fraud involving any state funded contract or program.
2. Also, the Public Assistance Fraud Act (305 ILCS 5/8A-1, et seq.) makes it a Class 4 felony to make false statements "relating to health care delivery."

### 2. Administrative Remedies and Penalties

#### 1. Federal

A. Under the False Claims Act, anyone who knowingly submits or causes the submission of false claims to the government is liable for damages of up to three times the erroneous payment, plus civil penalties of \$11,463 to \$22,927 per false claim [28 C.F.R. Section 85.5 (2018); 31 U.S.C. Section 3729(a)].

#### 2. Illinois

A. Under the Illinois Whistleblower Act, anyone who knowingly makes, uses, or causes to be made or used, a false record or statement to get a false or fraudulent claim paid is liable to the State for a civil penalty of not less than \$5,500 and not more than \$11,000, plus three times the amount of damages sustained by the State (740 ILCS 175, et seq.).

B. The Public Assistance Fraud Act allows the State to recover any excess payments along with

interest and other penalties, including possible prohibition from participation in any state health plans.

- C. The Insurance Claims Fraud Prevention Act (740 ILCS 92/5 et seq.) allows the State, an insurer or a private individual to bring an action against anyone that makes a false claim, causes a false claim to be made against an insurer or a self-insured entity or against anyone who offers or pays any remuneration to induce any person to procure clients or patients to obtain services or benefits under a contract of insurance.

### 3. Whistleblower

#### 1. Federal

- A. A private individual, who possesses and comes forward with information regarding false claims, may bring an action in federal court on behalf of the government and sue those entities that engaged in the fraud.
  - 1. This is called a "qui tam" suit, and the individual who brings it to court is known as the whistleblower or "relator".
  - 2. Depending upon the outcome of their investigation, the government then decides whether to join the whistleblower in prosecuting the case.
  - 3. If the case is successful, the whistleblower may share in the recovery.

#### 2. Illinois

- A. Any person (or whistleblower) may bring a civil action for a false claim.
- B. The State may elect to intervene and proceed with the action, or the action may be dismissed if the court and the Attorney General give written consent.
- C. If the State proceeds with the action, the whistleblower may receive a percentage of the proceeds of the action or settlement of the claim, depending upon the extent to which the person contributed to the prosecution of the action.

### 4. Protections for Whistleblowers

#### 1. Federal and Illinois

- A. The False Claims Act and the Illinois Whistleblower Act (740 ILCS 174/1 et seq.) provide a remedy for whistleblowers who are discharged, demoted, suspended, threatened, harassed or in any other manner discriminated against in the terms and conditions of employment by his or her employer in retaliation for filing a qui tam lawsuit or for disclosing information to a government or law enforcement agency, where the employee has reasonable cause to believe that the information discloses a violation of a State or federal law, rule, or regulation.
- B. Under the Illinois False Claims Act, if the court finds a whistleblower was terminated or otherwise mistreated for filing a qui tam lawsuit, the employee is entitled to reinstatement at the same level, two times the back pay owed plus interest, and other compensation, such as attorney's fees [740 ILCS 175/4(g)].
- C. Under the Illinois Whistleblower Act, if an employer takes any action against an employee in violation of the act, the employee may be entitled to the following relief:
  - 1. Reinstatement with the same seniority status that the employee would have had, but for the violation
  - 2. Back pay, with interest; and

3. Compensation for any damages sustained as a result of the violation, including litigation costs, expert witness fees, and reasonable attorney's fees (740 ILCS 174/30)
2. SIH Policy for Non-Retaliation
    - A. SIH has a strict non-retaliation policy for individuals wishing to report compliance violations, including suspected fraud, waste and abuse.
    - B. Any retaliation against an individual for reporting in good faith an actual or perceived compliance violation is a violation of the Compliance Program and results in disciplinary action.
    - C. For more information, see policy SY-CO-005: Non-Retaliation for Reporting Compliance Violations.
5. SIH Efforts to Prevent and Detect Fraud, Waste and Abuse
    1. Compliance Program
      - A. The Corporate Compliance Program was developed in 1999 to assist in establishing a culture within SIH that promotes the prevention, detection, and resolution of instances of conduct that do not conform to federal and state law.
      - B. The following elements of the Compliance Program reduce the potential for fraud and abuse:
        1. Auditing and Monitoring
          - a. The Compliance Department conducts an annual risk assessment to identify and prioritize risk areas to be audited and/or monitored and performs audits in order to prevent or detect fraud, waste, or abuse, particularly with regard to the claims development and submission process.
        2. Compliance Helpline
          - a. Open lines of communication are essential to the prevention and detection of fraud, waste, and abuse.
          - b. The Compliance Department maintains a confidential, web-based intranet reporting form and a toll-free number for any person to call with questions or concerns related to compliance with internal or external policies, laws or regulations.
          - c. All reports to the Compliance Helpline are followed up by the Compliance Department.
          - d. For more information, see policy SY-CO-004: Compliance Helpline. Employees may use the Compliance Helpline without fear of retaliation, as noted in section 4.2 above.
        3. Education
          - a. The Compliance Department provides training for workforce members on elements of the Compliance Program, including fraud and abuse detection and prevention.
6. Reporting Fraud and Abuse Concerns
    1. If an employee has knowledge of an actual or potential compliance violation, he/she reports the information to his/her supervisor, the Compliance Department, or the Compliance Helpline immediately.
      - A. Failure to do so may result in disciplinary action.
      - B. See policy SY-HR-401: Improvement Counseling.
    2. Any person who is not an employee of SIH may also use the Compliance Helpline.

3. The Compliance Helpline telephone numbers are 1-800-965-4583 (toll free) or 618-529-2540.

## VI. DOCUMENTATION

N/A

## VII. CHARGES

N/A

### Replaces:

N/A

### Attachments

No Attachments

### Approval Signatures

Approver	Date
Deborah Emery: CORP REGULATORY COOR	1/3/2020
April Peters: CORP DIR COMPLIANCE	1/3/2020

### Applicability

Southern Illinois Healthcare Corporate System