HARDIN COUNTY GENERAL HOSPITAL
HOSPITAL-WIDE POLICY

Title: Fraud and Abuse Guidelines **Effective Date: April 1, 2009**

Policy Number: 156 **Med Staff:**
Regulation: 42 U.S.C & 1395dd, 42 U.S.C. & 1395nn, 42 U.S.C. & 1320a-7b(b), Federal False Claims Act **Admin:**

I. POLICY

The purpose of this directive is to identify specific areas of concern in regard to possible fraud and abuse and establish Hardin County General Hospital's commitment to detect and prevent accidental and intentional noncompliance with applicable laws throughout the organization.

II. DEFINITIONS

III. RESPONSIBILITY

All Employees and Contractors

IV. EQUIPMENT

V. PROCEDURES

INFECTION CONTROL: N/A

Each year Hardin County General Hospital shall have a certified financial audit conducted by an independent public accounting firm. In addition, the Hospital shall schedule periodic testing of targeted areas to determine if they are in compliance. Examples of such monitoring may include but are not limited to:

1) False Cost reports.
2) Anti-Kickback Statutes.
3) Stark physician self-referral law.
4) Anti-Trust and Joint-Ventures
5) Record retention.
6) Marketing practices.
7) Tax Exempt reviews.
8) Conflicts of Interest.
9) Appropriate use of grant funds.
10) Medical record review.
11) Chargemaster reviews.
12) Billing and Coding reviews.
13) Excluded Providers or Persons.

1) False Cost Reports

Costs are not claimed unless based on appropriate and accurate documentation. Allocation of costs to various cost centers should be accurately made and supported by verifiable and auditable data and follow regulations established by CMS regulations.

2) Anti-kickback

The anti-kickback laws are broadly written to prohibit the Hospital and its representatives from knowingly and willfully offering, paying, asking, or receiving any cash or other benefit, directly or indirectly, in return for obtaining or rewarding favorable treatment in connection with the award of a government contract or government business. The anti-kickback laws in 42U.S.C. & 1320a-7b(b), must be considered whenever something of value is given, offered or received by the Hospital or its representatives that is in any way connected to patient services or business. This is particularly true when the arrangement could result in inappropriate or over-utilization of services, increased costs, interference with clinical decision-making, patient safety or quality care concerns, or a reduction of patient choice. Hospital staff may not receive any gift under any circumstances that could be construed as an improper attempt to influence the Hospital's or an employee's decisions or actions.

3) Stark physician self-referral laws.

Patient referrals are important to the delivery of appropriate health care services. Patients are admitted or referred to the Hospital by their physicians. Patients leaving the Hospital may be referred to other facilities. All patients are free to select their health care providers and suppliers subject to the requirements of their health insurance plans. The choice of a provider or a supplier should be made by the patient, with guidance from his or her physician as to which providers are qualified and medically appropriate.

A federal law known as the "Stark Law" (42 U.S.C. &1395nn) applies to any physician who has, or an immediate family member who has a financial relationship with an entity such as the Hospital. If a financial relationship exists, referrals are prohibited and the entity may not bill for the items or services unless specific exceptions are met. These exceptions are known as "safe harbor" protections and are often applied to small rural areas where there is a shortage of health care providers. Contracts are reviewed by the Administrator for compliance with safe harbor protections before final approval. Other areas that could be identified as violations of the Stark law and will be monitored by Administration are leases for physician office space, equipment and personal service contracts which must be in writing for at least one year terms and signed by both parties. Any premises leased must be specified and must be exclusively used by the lessee when rented and must not exceed the space reasonably needed for the physician's legitimate purposes and rental charges must be set in advance, at fair market value without regard to the volume or value of referrals by the physician or other business generated.

Physician recruitment arrangements must meet very detailed requirements outlined in the stark regulations and must be approved by the Administrator.

4) Anti-trust and Joint Ventures

Contracts and arrangements with referral sources must comply with all applicable statutes and regulations. Hardin County General Hospital and Clinic will not enter into any financial arrangements with hospital-based physicians that are designed to provide inappropriate remuneration to the Hospital. Discounts offered to the Hospital by suppliers and vendors, as well as discounts offered by the Hospital to Insurance companies or other third party payors will be reviewed by the Administrator before final approval. Contracts with such payors must be entered into independently and the terms must not be discussed with or influenced by the position of other health care providers.

Patient deductibles and co-payments, or bills may not be waived without the prior authorization of the Administrator and in accordance with legal requirements. Currently deductibles are waived for hospital hourly employees only and salaried employees and their dependents. All employees are responsible for clinic co-payments. Agreements for professional services, management services, and consulting services should be in writing, have at least one-year term, be approved by the Administrator and will specify the compensation in advance.

Joint ventures with physicians or other health care providers, or investment in other health care entities, must be reviewed by the Board of Directors.

5) Record Retention

Hardin County General Hospital shall follow the record retention requirements by applicable laws, regulations and contractual agreements. Currently, the Illinois Hospital Association retention guidelines for hospitals, is used for recommended document retention. It is expressly prohibited to alter documents, to deceive another person or entity, to conceal information, to distort the truth, to destroy records, to hide the facts or to obstruct an investigation in any way by tampering with the Hospital's records.

6) Marketing practices.

The purpose of the antitrust laws is to preserve the competitive free enterprise system. They prohibit most agreements to fix prices, divide markets, boycott competitors and proscribe conduct that is found to restrain competition unreasonably. The Hospital requires that the rates it charges for hospital care and related items and services, is determined solely by the Hospital. HCGH prohibits any consultation or discussion with competitors relating to prices or terms which the Hospital or any competitor charges or intends to charge. The Federal Trade Commission Act, prohibits the use of "unfair or deceptive acts and practices," including the distribution of labeling, advertising and marketing materials that are false or misleading.

Independently determining prices and terms, Hardin County General Hospital may take into account all relevant factors, including costs, market conditions, widely used reimbursement schedules and prevailing competitive prices, to the extent these can be determined in the marketplace. Currently the Hospital determines the direct cost through evaluation of the procedure or service with the department director or supervisor and increases the cost by 2.5times unless the cost is over $500, then a tier system is used to determine the charge. The tier is as follows:

500 – 1,000: 2.0 times cost.
1,000 and over: 1.5 times cost

All pharmacy IV's are priced at 3 times the cost and pharmacy drugs are 2 times the cost. This method is used unless the hospital determines that other factors relevant to the pricing structure should to be taken into account.

Hardin County General Hospital prohibits the sharing with competing hospitals of current information or future plans regarding individual salaries or salary levels. The hospital may participate in and receive the results of general surveys by industry, media or industry data gathering organizations, but these must conform to the guidelines for participation in surveys. Consultation or discussion with competitors with respect to its services, selection of markets, territories, bids or customers is restricted.

7) Tax-Exempt Status

As a non- profit hospital serving charitable purposes, Hardin County General Hospital holds federal and state tax-exempt status. Because the Hospital is dedicated to its charitable purposes, all contracts and agreements must be negotiated at arms length. The Hospital may accept tax-deductible charitable contributions from members of the community.

Compensation provided to health professionals for recruitment, employment and personal services must be reasonable in the context of the services provided and the need for them. Reasonableness must be analyzed based on overall compensation and benefits. Areas of particular concern are below-market rents, compensation tied to Hospital or department revenues, income guarantees, below-market loans and loan guarantees.

Non-profit corporations may not make any contributions- whether direct or indirect- to candidates for federal or state office. The Hospital may not generally contribute any money, or lend the use of vehicles, equipment or facilities to candidates for federal or state office, nor may the Hospital make contributions to political action committees that make contributions to candidates for federal or state office. Hardin County General Hospital may not require any employees or professional staff members to make any such contributions and the Hospital cannot reimburse its employees or professional staff members for any money they contribute to federal or state candidates or campaigns.

8) Conflicts of Interest

Hospital employees should avoid all potential conflicts of interest, this enables them to carry out their duties with total objectivity. Hospital employees may not be employed by, act as a consultant to or have an independent business relationship with any of the Hospital's service providers, competitors or third party payors unless approved by Hospital administration. They should not have other outside employment or business interests that place them in the position of: a) appearing to represent the Hospital, b) providing goods or services substantially similar to those the Hospital provides or is considering making available, or c) lessening their efficiency, productivity or dedication to the Hospital in performing their everyday duties.

9) Grant Funding

Hardin County General Hospital periodically receives various state and federal grants. State and federal regulations impose duties and obligations upon the recipients of grants. As a recipient organization, the Hospital expects its personnel to abide by all applicable grant agreements and regulations relating to accurate reporting and appropriate expenditure of grant funds.

10) Medical Record Review

The hospital will take steps to help ensure that physicians will make a determination and document the medial necessity of treatment, medication, procedures, tests, supplies and all other services billed to any Federal or State funded healthcare program, as well as any private pay programs.

The Risk Management/Utilization Review department monitors the medical necessity of admission and treatment of inpatients, observation patients and swingbed patients. Daily review of the discharged patient's medical record is performed by the health information department for completeness. The UR/RM department does a monthly review of medical records and reports findings at the monthly medical staff meeting. In addition, the records are reviewed by the Health Information Manager and reported at the Medical Record Review Meeting held quarterly in conjunction with a monthly Medical Staff meeting. Any findings which may be deemed as a fraud and abuse issue will be addressed and will be reported at the next Compliance Committee meeting to take corrective action as needed.

11) Charge master Reviews

The Hospital maintains a charge master for various procedures and treatments for billing and coding purposes. The charge master will be reviewed and updated at least annually and more frequently where required if necessary.

12) Billing and Coding reviews

When claiming payment for hospital or professional services, Hardin County General Hospital has an obligation to its patients, third party payors and the state and federal governments to exercise diligence, care and integrity. All hospital departments have responsibility for preparing charges and procedure codes. (See HW 155- Billing Compliance) Medicare and Medicaid rules prohibit knowingly and willfully making or causing to be made any false statement or representation of a material fact in an application for benefits or payment. It is also unlawful to conceal or fail to disclose the occurrence of an event affecting the right to payment with the intent to secure payment that is not due. Examples of false claims include:

Claiming reimbursement for services that have not been rendered
Filing duplicate claims
Upcoding
Billing for services or items that are not medically necessary

Failing to provide medically necessary services or items
Billing excessive charges

Other risk areas include inaccurate or incorrect coding (including outpatient procedure coding) , billing for services not covered, insufficient documentation, admissions and discharges or billing for supplemental payments. The hospital will only choose the correct CPT, HCPCS or diagnosis codes that most accurately describe the ordered treatment or test(s). (See Medical Records policy and procedures.) The Hospital carefully follows the Medicare rules on assignment and reassignment of billing rights.

Federal law also prohibits false statements or inadequate disclosure to the government or making, using or causing to be made or used any false record or representation of a material fact for use in determining rights to any benefit or payment under any health care program. Nor will any Hospital employee conspire to defraud the U S government by getting a false claim allowed or paid.

13) Excluded Providers or Persons

Federal law imposes substantial penalties on health care providers or suppliers who hire individuals or entities excluded from participating in federal health care programs including Medicare and Medicaid. It is unlawful for the Hospital to bill for services or items incident to services that are provided by a physician that is unlicensed or obtained a license through misrepresentation. Hardin County General Hospital through the hiring and credentialing process (See HR policy2.3) queries the Department of Professional Regulation and the OIG website for excluded individuals/entities prior to hiring or contracting and annually after hire. A criminal background check is also conducted on every new employee.

VI. DOCUMENTATION