
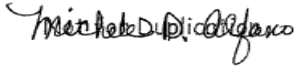
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<b>Approval Signatures:</b>		
 		
Donna Pillatsch Director of Compliance		Michele Alfano COO

I. Purpose:

To provide guidelines for ValueOptions to ensure that procedures are in place to avoid the submission of any false claim or false statement to parties with which ValueOptions conducts business.

II. Committee(s) and Department(s) Affected:

- A. Corporate Compliance Department
- B. Corporate Compliance Committee
- C. Claims Departments
- D. Service Center

III. Policy:




It is the policy of ValueOptions to be in compliance with federal and state laws and regulations related to the submission and payment of claims and billings involving federal, state or private health care benefit programs.

IV. Definitions:



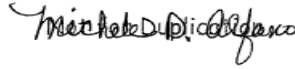
**Claim:** any request or demand for money that is submitted to the federal government or its contractors.

**Contractor or agent:** includes any contractor, subcontractor, or agent, or other person which or who, on behalf of the entity, furnishes, or otherwise authorizes the furnishing of Medicaid health care items or services, performs billing or coding functions, or is involved in monitoring of health care provided by the entity.



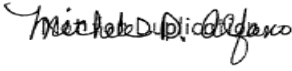
V. Procedures:

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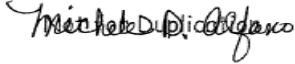
- A. ValueOptions supports the government's efforts to reduce fraud and abuse in healthcare and to prevent submission of false claims. ValueOptions establishes a culture within the organization that promotes prevention, detection, and resolution of instances of conduct that do not conform to federal and state law, and federal, state, and private payor health care program requirements.
- B. The federal False Claims Act is very broad and prohibits a wide range of practices which may be false or fraudulent. Examples include:
1. Submission of false or fraudulent claims for payment with federal funds.
  2. Making a false record or statement to get a false or fraudulent claim paid by the government.
  3. Conspiring to have a false or fraudulent claim paid by the government.
  4. Withholding property of the government with the intention of defrauding the government or of willfully concealing it from the government.
  5. Making or delivering a receipt for government property which is false or fraudulent.
  6. Buying property belonging to the government from someone who is not authorized to sell the property.
  7. Making a false statement to avoid or deceive an obligation to pay money or property to the government.
  8. Cause someone else to submit a false claim to the government.
  9. Knowingly use or cause to be used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the government.
  10. Omits a material fact to get a false or fraudulent claim paid by the government.
- C. Examples of illegal activities falling under the False Claims laws and regulations include the following:
1. Billing for services not rendered or for add-on services
  2. Up-coding
  3. Down-coding

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4. Unbundling
  5. False certifications
  6. Lack of medical necessity
  7. Fraudulent Cost Reports
  8. Cross-charging
  9. Product substitution
  10. Improper cost allocation
  11. Failure to comply with contract specifications
  12. Submission of false time and expense reports
  13. Submission of false costs
  14. Submission of false contract performance data
- D. Individual states may also have specific False Claims laws and regulations which must be implemented during claims processing and fraud and abuse investigations.
- E. ValueOptions will ensure that contract performance reports, claims and billing processes are monitored, as applicable. All potential violations of the False Claims Act or instances of false reports or information, whether pursuant to a federal, state or third party, will be investigated and actions will be taken to resolve the identified problem.
- F. Any employee, manager, contractor or other ValueOptions representative who is aware of any false reports, claims, or other documents submitted to any federal or state governmental entity, a private insurer or a contract party, shall report such fact and concerns to their manager, the VO Corporate Compliance Department or through the ValueOptions Ethics Hotline.
- G. Any report of the possible submission of false information shall be investigated in accordance with the VO Internal Compliance Investigation Policies and Procedures.

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- H. Referrals of fraudulent or abusive billings are handled by the Special Investigations Unit as per policies S103 Healthcare Claims Fraud Abuse Investigations.
- I. The Legal Department will review possible violation requiring potential reports to government agencies.
- J. FALSE CLAIMS ACT: Under the FALSE CLAIMS ACT (31 U.S.C. §§3729-3733), those whom knowingly submit or cause another person or entity to submit false claims for government funds are liable for damages up to three times the amount of the government's damages plus mandatory penalties. A person or entity which violates the False Claims Act may receive a felony conviction as well as criminal and civil penalties with civil penalties being not more than \$5,500 to \$11,000 for each claim.
- K. ADMINISTRATIVE REMEDIES FOR FALSE CLAIMS AND STATEMENTS (31 U.S.C. Chapter 8. §3801): Under this Act, any person who makes, presents, or submits a claim that is false or fraudulent is subject to a civil penalty of not more than \$5,000 for each claim and also an assessment of not more than twice the amount of the claim.
- L. CRIMINAL PENALTIES FOR ACTS INVOLVING FEDERAL HEALTH CARE PROGRAMS (42 U.S.C. Chapter 7, § 1320a-7b): Under the Criminal Penalties for Acts Involving Federal Health Care Programs, those who knowingly and willfully cause false statements or representations of material facts in any benefit or payment under a Federal health care program are subject to a felony conviction with a fine of up to \$25,000 and/or 5 years imprisonment.
- M. FALSE CLAIMS ACT WHISTLEBLOWER PROTECTION ACT (31 U.S.C. Sec 3730(h)): Under this act, whistleblowers are protected from retaliation for reporting or participating in an investigation of a false claim.
- N. All employees who prepare or submit false reports or false information in contract performance reports, requests for proposals or relating to the submission of claims



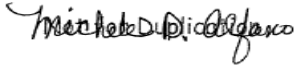
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and billings for services provided or to be provided by ValueOptions, may receive disciplinary action up to and including termination.

- O. The Centers for Medicare and Medicare Services (CMS) web page for state fraud statutes can be accessed at <http://www.cms.hhs.gov/apps/mfs/weblist.asp>. By selecting the state in which ValueOptions operates, the search engine pulls all the state's laws related to Medicaid fraud.
- P. Also refer to:
- LC310 Deficit Reduction Act
  - Fraud and Abuse Training on the ValueOptions website
  - Code of Conduct training on the ValueOptions website
  - State-by-state charts located on the Legal and Finance websites
  - Code of Conduct
  - S001 Anti-Fraud Plan
  - S103 Health Care Fraud and Abuse Investigations
  - Taxpayers Against Fraud: <http://www.taf.org/statefca.htm>

V. References

- A. "Criminal Penalties for Acts Involving Federal Health Care Programs", Compilation of Social Security Laws, 42 U.S.C. SEC 1128B, 1320a-7b.
- B. "The Law: An Overview – False Claims Act Whistleblower Employee Protections", WhistleblowerLaws.com
- C. "Deficit Reduction Act: Implications for Compliance Teams", MediRegs
- D. Wilson, Joy Johnson, Health Policy Director, "Deficit Reduction Act of 2005: A Summary of Medicaid/Medicare Health Provisions", National Conference of State Legislators, February 3, 2006.
- E. "Administrative Remedies for False Claims and Statements", U.S. Code, Title 31, Chapter 38, §3801 – 3806

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F. "Public Law 109-171", The Federal Register, February 8, 2006.