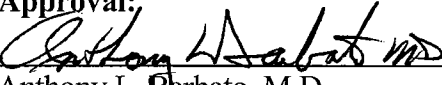
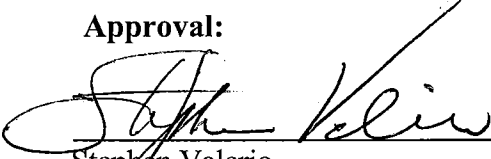




Subject: External Reporting of Compliance Concerns	
Date Implemented: November 30, 2006	Date Revised:
Loyola University Health System/ Loyola University Medical Center	Loyola University Physician Foundation
Approval:  Anthony L. Barbato, M.D. President and Chief Executive Officer Loyola University Health System/ Loyola University Medical Center	Approval:  Stephen Valerio President and Chief Executive Officer Loyola University Physician Foundation

I. PURPOSE

The Loyola University Medical Center (“LUMC”) and Loyola University Physician Foundation (“LUPF”) Standards of Conduct require employees to submit accurate claims for medically reasonable and necessary services *and* to charge and document services and code and bill claims accurately. This policy provides information on the laws that pertain to externally reporting of compliance concerns.

II. DEFINITIONS/APPLICATIONS

A. Definitions

False or Fraudulent Claim - False or fraudulent claims are claims that request money for services or products where the information submitted is fictitious or untrue. A false or fraudulent claim could be a bill for services and/or supplies not provided or reporting diagnoses or procedures inaccurately to maximize payments.

B. Applications

This policy applies to LUMC and LUPF employees, contractors and agents.

III. PROCEDURE/INFORMATION

A. Internal Reporting - Employees should report any and all compliance concerns by telling their supervisor, contacting the Corporate Compliance Department or the Human Resources Department. (See Reporting and Resolving Problems and Concerns Policy and Problem Reporting and Non-Retaliation Policy for more detailed information.)

B. External Reporting - External reporting of suspected False or Fraudulent Claims is an option available to employees. The Federal Government and the State of Illinois have enacted criminal and civil laws which provide for criminal, civil, and administrative penalties, provide governmental authorities with broad authority to investigate and prosecute potentially fraudulent activities and also provide anti-retaliation provisions for individuals who make good faith report of waste, fraud and abuse. (See the attached summary of false claims’ laws for more detailed information.)

IV. RESPONSIBLE PARTY

Any questions or concerns regarding this policy should be directed to the Chief Compliance Officer at x62036.

Summary of Federal and State False Claims Laws

- A. **Federal False Claims Act** - Under the Federal False Claims Act (“Federal FCA”), a person who knowingly presents a false or fraudulent claim for payment to an officer or employee of the United States Government (“Government”) is liable to the government for damages and civil penalties. Health Care False Claims prosecuted under the Federal FCA may result in paying civil penalties up to three times the amount owed and/or paying \$5,000 to \$10,000 fines for each count of fraud and/or imprisonment up to five years for less severe offenses or up to ten years for convictions involving major fraud. The Qui Tam provisions of the False Claims Act allows "relators" to file cases on behalf of the United States alleging fraud against the Government by an identified defendant(s). The Qui Tam relator can be anyone who has direct knowledge of a false claim. Once the relator files the claim, a copy of the complaint and a report detailing the evidence supporting the allegations is served on the U. S. Attorney. The U. S. Attorney then has a period of time in which to investigate the allegations and notify the Court whether or not it will intervene. If the U.S. Attorney decides to intervene, it then takes over the prosecution of the case. If they decline, the relator may prosecute the case on the Government’s behalf. In either case, if the claim results in a decision against the defendant(s), the relator may receive between 10% and 30% of any recovery of damages, with the remainder kept by the Government. Any employee who is discriminated against in the terms and conditions of employment by his or her employer because of lawful acts done by the employee as a result of a Whistleblower Action, ~~or to be filed under this section, shall be entitled to all relief necessary to make the~~ employee whole. Such relief, brought by an action in the appropriate U.S. District Court, shall include reinstatement with the same seniority status such employee would have had but for the discrimination, twice the amount of back pay, interest on the back pay, and compensation for any special damages sustained as a result of the discrimination, including litigation costs and reasonable attorneys' fees.
- B. **Federal Program Fraud Civil Remedies Acts of 1986** - The Program Fraud Civil Remedies Act of 1986 (PFCRA) establishes an administrative remedy against anyone who makes a false claim or written statement to any of certain federal agencies, including the Department of Health and Human Services (“DHHS”). In addition to other penalties, as prescribed by law, anyone who submits or causes to be submitted a false claim or a false statement to DHHS is subject to a civil penalty of not more than \$5,000 for each statement or claim, regardless of whether property, services, or money is actually delivered or paid. If a payment has been made, anyone submitting the false claim or making the statement is also subject to an assessment of not more than twice the amount of the false claim. The Department of Justice approves the issuance of a complaint and a hearing is held in front of an Administrative Law Judge. A private plaintiff under the Federal FCA may participate in these proceedings with the same remedies and protections described above in the Federal FCA section.
- C. **Federal Criminal Code on Health Care Fraud** – The Federal Criminal Code provides that anyone who knowingly and willfully executes, or attempts to execute, a scheme or artifice— (1) to defraud any health care benefit program; or (2) 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, shall be fined or imprisoned for not more than 10 years, or both. If the violation results in serious bodily injury, such person shall be fined or imprisoned for not more than 20 years, or both; and if the violation results in death, such person shall be fined, or imprisoned for any term of years or for life, or both.
- D. **Illinois Whistleblower Reward and Protection Act** – The State of Illinois (“State”) uses the Illinois Whistleblower Reward and Protection Act (“State FCA”) to prosecute healthcare fraud. The State FCA

**LOYOLA UNIVERSITY MEDICAL CENTER
ADMINISTRATIVE POLICY NUMBER: COMP-016**

parallels the Federal FCA with the exception that the Illinois Attorney General prosecutes in State court and the civil penalty is not less than \$5,500 and not more than \$11,000 plus three times the amount of damages which the State sustains because of the act of that person and for the costs of a civil action brought to recover any such penalty or damages. Pursuant to the State FCA's whistleblower protection provision, an employee may bring an action in the appropriate circuit court for relief.

- E. **Illinois Insurance Fraud Claims Prevention Act** – Illinois has enacted the Illinois Insurance Fraud Claims Prevention Act (thee "ICFPA") which prohibits remuneration (in cash or in kind) for patient referrals where ultimately an insurance company will pay claims. The penalty for violations of ICFPA include a civil penalty of \$5,000 to \$120,000 per violation, plus an aggregate of not more than three times the amount of each claims under a contract of insurance.