

**Federal Deficit Reduction Act of 2005:  
Notice to Employees, Contractors, and Agents on False Claims Recovery  
REDLANDS COMMUNITY HOSPITAL**

**Effective January 1, 2008**

**Notice to:**

1. All Redlands Community Hospital and Asistencia Villa Employees
  2. Contractors and Agents who furnish or authorize the furnishing of Medicaid/Medi-Cal health care items or services or perform billing or coding functions or are involved in the monitoring of health care provided by Redlands Community Hospital or Asistencia Villa
- Federal False Claims Act.

The Federal False Claims Act prohibits knowingly submitting, or causing to be submitted, to the federal government a false or fraudulent claim for payment or approval. It also prohibits knowingly making or using, or causing to be made or used, a false record or statement to get a false or fraudulent claim paid or approved by a state Medicaid program, the federal government or its agents, such as a fiscal intermediary or other claims processor. Fraudulent actions can be either a deliberate act, made with deliberate ignorance of the truth or falsity of the claim or one based on a reckless disregard for the truth or falsity of the claim. Accordingly, the law is not limited to those who intentionally misrepresent facts in order to obtain payments under governmental programs, including Medicare and Medicaid. The federal False Claims Act applies to claims filed by Redlands for reimbursement for services provided to beneficiaries under the Medicare or Medicaid (including Medi-Cal) programs. Civil penalties can be imposed on any person or entity that violates the federal False Claims Act, including monetary penalties of \$5,500 to \$11,000 as well as damages of up to three times the federal government's damages resulting from each false claim.

The federal False Claims Act also provides that any individual who has knowledge of a fraud against the United States Government (a "*qui tam* plaintiff") may file a lawsuit on behalf of the United States against the person or entity that committed the fraud. If the lawsuit is ultimately successful, the *qui tam* plaintiff will be rewarded with a percentage of the amount recovered. Any person may be a *qui tam* plaintiff, including employees of Redlands and its affiliates.

The federal False Claims Act further provides protections to employees who are retaliated against by an employer because of the employee's participation in a *qui tam* action. These protections include reinstatement and damages equal to double the amount of lost wages if the employee had been fired and/or suffered any other damages as a result of the employer's discrimination. The *qui tam* plaintiff (or whistleblower) can bring any of these actions by hiring an experienced lawyer or, if the *qui tam* plaintiff does not have the financial wherewithal to pay the typical hourly cost charged by an experience lawyer, the *qui tam* plaintiff could seek out a law firm which would undertake the representation based on its ultimately receiving a percentage of the *qui tam* plaintiff's share of the amount recovered.

- Federal Fraud Civil Remedies.

The federal Program Fraud Civil Remedies Act of 1986 allows the government to impose civil penalties against any person who makes, submits or presents false, fictitious or fraudulent claims or written statements to designated federal agencies, including the U.S. Department of Health and Human Services. This statute relates to, among other matters, false claims made by health care providers, including Redlands, for benefits under the Medicare or Medicaid program. The statute sets forth how the affected administrative agency can investigate a false claim, make a determination concerning the falsity of a claim, and recoup any amounts paid as a result of the false claim. The statute does not permit private individuals, or whistleblowers, to bring any action under the statute nor to participate in any manner in any recoveries of amounts paid as the result of a false claim.

- California False Claims Act.

The California False Claims Act prohibits knowingly presenting, or causing to be presented, any false claim or statement to the State of California, or political subdivision thereof, for payment or approval. This law further prohibits making or using, or causing to be made or used, any false record or statement in order to have a false or fraudulent claim paid or approved by the State of California, or political subdivision thereof. It is also a violation of the law to conspire to defraud by getting a false claim allowed or paid by the state or any political subdivision of the state. The California False Claims Act applies to claims filed by Redlands for reimbursement for services provided to beneficiaries in connection with state and local programs, including Medicaid and county or local programs. Persons who violate the California False Claims Act may be liable for three times the amount of damages sustained as a result of the violation and may be required to pay a civil penalty of up to \$10,000 for each false claim.

Similar to the federal False Claims Act, the California False Claims Act provides that individuals who have knowledge of a violation of the law may file a *qui tam* lawsuit on behalf of the State of California or the affected political subdivision. If the legal action is successful, the a *qui tam* plaintiff will be entitled to a percentage of any amounts recovered.

The California False Claims Act provides protections to employees who are retaliated against by employers because the employee disclosed information concerning a violation to a government entity or due to the employee's participation in a *qui tam* action. These protections include, among other things, reinstatement at the same seniority status, two times back pay, and compensation for damages sustained by the employee as a result of any retaliatory discharge, demotion, suspension, or other discrimination. The California False Claims Act also prohibits an employer from adopting any rule or policy which would prevent an employee from disclosing information regarding a violation of the California False Claims Act to a government or law enforcement agency. For additional information, please see California Government Code § 12650-55.

- California Penal Code False Claims.

The California Penal Code imposes criminal penalties for presenting false or fraudulent claims or bills for payment to state or local government entities. This law provides that any person who, with the intent to defraud, presents any false or fraudulent claim, bill, voucher, or writing to any state, county, city or district board or officer for allowance or payment may be punished with either imprisonment in county jail and/or a fine of not more than one thousand dollars, or imprisonment in state prison and/or a fine not exceeding ten thousand dollars. For additional information, please see California Penal Code § 72.

- California Labor Code Whistleblower Protection Statute.

The California Labor Code prohibits employers from preventing employees from disclosing to a state or federal government entity information of a suspected violation of state or federal law. Furthermore, an employer may not retaliate against an employee by demoting, discharging or suspending the employee for disclosing information to a government entity where it is reasonable that the information discloses a violation of federal or state law. Employers that violate this law may be subject to civil and criminal penalties. For additional information, please see California Labor Code § 1102.5.

- False Medi-Cal Claims.

The California Welfare & Institutions Code prohibits any person or entity from presenting a false Medi-Cal claim with the intent to defraud or knowingly submitting false information for the purpose of obtaining greater Medi-Cal compensation than such person is legally entitled to obtain. Violations of this law may be punished by imprisonment, a fine of up to three times the amount of the fraud of improper reimbursement, or both. For additional information, please see California Welfare & Institutions Code § 14107.