



Cultured Care, Inc.

33 James Reynolds Road Unit E
Swansea, MA 02777 508-379-9060
info@culturedcareinc.com

FEDERAL DEFICIT REDUCTION ACT OF 2005, SECTION 6032

FALSE CLAIMS ACT POLICIES / DEFICIT REDUCTION ACT OF 2005

On February 8, 2006, the Deficit Reduction Act of 2005 was signed into law. The Deficit Reduction Act contains many provisions reforming Medicare and Medicaid that are designed to reduce program spending.

Cultured Care, Inc. is a participant in federal health care programs and receives reimbursement from Medicaid agencies for services provided to Medicaid beneficiaries. As an entity that receives payments from Medicaid which meet the requirements under section 6032 of the Deficit Reduction Act of 2005, Cultured Care, Inc. is required to comply with certain provisions of the Deficit Reduction Act.

Under the Deficit Reduction Act, Cultured Care, Inc. is required by law to establish certain policies and provide all employees with information regarding: (1) the federal False Claims Act and similar state laws, (2) an employee's right to be protected as a whistleblower, and (3) Cultured Care, Inc. policies and procedures for detecting and preventing fraud, waste, and abuse in state and federal health care programs. Further, contractors, subcontractors, agents, and other persons which or who, on behalf of Cultured Care, Inc., furnish or otherwise authorize the furnishings of Medicaid health care services, perform billing or coding functions, or are involved in monitoring of health care services provided by Cultured Care, Inc. are required to adopt these policies and procedures to continue to do business with Cultured Care, Inc..

This document sets forth our policies and contains information required by law under the Deficit Reduction Act.

FALSE CLAIMS ACTS

One of the primary purposes of false claims laws is to combat fraud and abuse in government health care programs. False claims laws do this by making it possible for the government to bring civil actions to recover damages and penalties when healthcare providers submit false claims. These laws often permit "qui tam suits", which are lawsuits, brought by lay people, typically employees or former employees of healthcare providers that submit false claims. There is a federal False Claims Act and many states also have a state version of the False Claims Act.

FEDERAL FALSE CLAIMS ACT

The federal False Claims Act (FCA) forbids knowing and willful false statements of representations made in connection with a claim submitted for reimbursement to a federal health care program, including Medicare or Medicaid. The FCA extends to those who have actual knowledge of the falsity of the information as well as those who act in deliberate ignorance or in reckless disregard.

Examples of a false claim include submitting a claim for a service that was not rendered or billing multiple payers for the same service. Penalties include fines from \$5,500 to \$11,000 per false claim, payment of treble damages, and exclusion from participation in federal healthcare programs.

The federal FCA includes a whistleblower provision, which allows someone with actual knowledge of alleged FCA violations to file suit on the federal government's behalf. After the whistleblower files suit, the case is kept confidential while the government conducts an investigation to determine whether it has merit. The government may decide to take over the case, but, if it declines to do so, the whistleblower still may pursue the suit. A whistleblower who prevails may qualify for 15 to 30 percent of the amount recovered on the government's behalf as well as attorney's fees and costs. The FCA prohibits employers from retaliating against employees who file or participate in the prosecution of a whistleblower suit. An employee who suffers retaliation may, for example, qualify for back pay or reinstatement.

FEDERAL PROGRAM FRAUD CIVIL REMEDIES ACT OF 1986

The Program Fraud Civil Remedies Act of 1986 ("Administrative Remedies for False Claims and Statements" at 38 U.S.C. §3801 et seq.) is a statute that establishes an administrative remedy against any person who presents or causes to be presented a claim or written statement that the person knows or has reason to know is false, fictitious, or fraudulent due to an assertion or omission to certain federal agencies (including the Department of Health and Human Services). The term "knows or has reason to know" is defined in the Act as a person who has actual knowledge of the information, acts in deliberate ignorance of the truth or falsity of the information, or acts in reckless disregard of the truth or falsity of the information. No proof of specific intent to defraud is required. The term "claim" includes any request or demand for property or money, e.g., grants, loans, insurance or benefits, when the United States Government provides or will reimburse any portion of the money. The federal department may investigate and with the Attorney General's approval commence proceedings if the claim is less than one hundred and fifty thousand dollars. A hearing must begin within six years from the submission of the claim. The Act allows for civil monetary sanctions to be imposed in administrative hearings, including penalties of five thousand five hundred dollars per claim and an assessment, in lieu of damages, of not more than twice the amount of the original claim.

Certain states have enacted laws similar to the federal False Claims Act designed to combat fraud and recover losses stemming from fraud. Some of these state laws contain broad provisions that apply to any fraudulent dealings with the state. Others are limited to claims made in connection with Medicaid or other state sponsored health plans. Many contain "qui tam" provisions allowing private individuals with unique knowledge of wrong doing to bring lawsuits on behalf of the state and share in any recovery. These state laws also typically prohibit retaliation against a person who files a "whistleblower" suit. Other state laws simply prohibit the submission of false claims to the government without "qui tam" or whistleblower provisions like those found in the federal False Claims Act.

Below are references to the state laws currently enacted. This list will be updated from time to time as new state laws are adopted. Please refer back to this list periodically.

Arkansas	Ark Stat §§ 20-77-901 et seq.
California	Cal. Gov't Code §§12650 et.seq.
Colorado	Colo. Rev. Stat §§ 25.5-4-304 & 305 (previously codified at Colo. Rev. Stat §§ 26-4-1101 et. Seq.) S-06-21 Leg., 2d Spec. Sess. (Colo.2006)
Delaware	Del.Code Ann. Title.6 §§1201 et seq.

District of Columbia	D.C Code Ann. §§2-308.13 et seq.
Florida	Fla.Stat. §§68.081 et seq. (2000)
	Fla.Stat. § 112.3187
	Fla.Stat. § 409.920
	Fla.Stat. § 409.9201
	Fla.Stat. § 409.913
	Fla.Stat. § 414-39
	Fla.Stat. § 775.082
	Fla.Stat. § 812.035
	Fla.Stat. § 817.155
	Fla.Stat. § 837.06
	Fla.Admin.Code Ann. R. 59G-9.070
Hawaii	Haw. Rev Stat. § 661-21 et seq.
Illinois	740 Ill.Comp. Stat. Ann. §§175/1 et seq.
Indiana	Ind. Code §§5-11-5.5 et seq.
Louisiana	La. Rev. Stat. Ann. §§46:439.1 et seq.
Massachusetts	Mass. Ann. Laws Ch.,12 §5 (A)-(O)
Michigan	Mich. Comp. Laws Ann. §§400.601 et seq.
Montana	Mont. Code Ann. §§17-8-401 et seq.
Nevada	Nev. Rev. Stat. §§357.010 et seq.
New Hampshire	N.H. Rev. Stat. §§167:58 et seq.
New Jersey	N.J. Stat. 30:4D - 17(a) - (d) 7.h; 17(e) - (i); 17.1a. N.J. Stat. 2C:21 - 4.2 and 4.3; 51-5; N.J. Stat. 34:19 - 1 et seq. N.J. Stat 2A:32C - 17
New Mexico	N.M. Stat. Ann. §§27-14-1 et seq.
New York	New York Consolidated Laws, State Finance, Article XIII
Oklahoma	Oklahoma Medicaid False Claims Act
Tennessee	Tenn. Code Ann. §§27-14-1 et seq. Tenn. Code Ann. §§71-5-181 et seq.
Tennessee	Tenn. Code Ann. §§27-14-1 et seq. Tenn. Code Ann. §§71-5-181 et seq.
Texas	Tex. Hum. Res. Code §32.039 Tex. Hum. Rev. Code. §§36-001 et seq.
Virginia	Va.Code Ann. §§8.01-216.1 et seq.

REPORTING CONCERNS REGARDING FRAUD, ABUSE AND FALSE CLAIMS

Cultured Care, Inc. takes issues regarding false claims and fraud and abuse seriously. Cultured Care, Inc. encourages all employees, management, and contractors or agents affiliated with Cultured Care, Inc. to be aware of the laws regarding fraud and abuse and false claims and to identify and resolve any issues immediately. Issues are resolved fastest and most effectively when given prompt attention at the local level. Cultured Care, Inc., therefore, encourages its employees, managers, and contractors to report concerns to their immediate supervisor when appropriate. If the supervisor is not deemed to be the appropriate contact or if the supervisor fails to respond quickly and appropriately to the concern, then the individual with the concern should be encouraged to discuss the situation with the Corporate Compliance Officer, Human Resources, another member of management, or by calling Cultured Care, Inc. Compliance Hotline 1-508-617-0546.

EMPLOYEES RIGHT TO BE PROTECTED AS A WHISTLEBLOWER

"Whistleblowing" is generally defined as the disclosure by a person, usually an employee in a government agency or private enterprise, to the public or to those in authority of mismanagement, corruption, illegality, or some other wrongdoing. The person making the disclosure is often referred to as the "Whistleblower".

All employees, management, contractors, subcontractors, and agents of Cultured Care, Inc. should be aware of the laws regarding fraud and abuse and false claims and to report any issues immediately in accordance with Cultured Care, Inc. Standards of Business Conduct. The federal False Claims Act protects employees from retaliation if they, in good faith, report fraud. Employees are protected against retaliation such as being fired, demoted, threatened or harassed as a result of filing a False Claims Act lawsuit. An employee who suffers retaliation can sue, and may receive up to twice his or her back pay, plus interest, reinstatement at the seniority level he or she would have had if not for the retaliation, and compensation for his or her costs or damages. This does not insulate the reporter from disciplinary action if it turns out that he or she is involved in the reported wrongdoing.

CULTURED CARE, INC. POLICIES AND PROCEDURES

Cultured Care, Inc. is committed to full compliance with all laws and regulations. In addition to its corporate compliance program and reporting hotline, Cultured Care, Inc. has various policies and procedures for detecting and preventing fraud, waste, and abuse in its relationships with government programs and private third-party payers. These policies and procedures are included in Cultured Care, Inc. Standards of Business Conduct, Employee Orientation Notebooks, Cultured Care, Inc. Home Care Manual and Corporate Reimbursement Policies and Procedures.

Copies of these documents may be found in your local branch office. You may request a copy by calling 508-379-9060.