



To: Achieve Beyond employees and others affiliated with Achieve Beyond

From: Joseph Matuza, Corporate Compliance Officer

Date: August 2016

RE: Compliance Program and Federal Deficit Reduction Act

Achieve Beyond is committed to preventing and detecting fraud, waste and abuse. In support of this commitment, Achieve Beyond has established a Corporate Compliance Program. The purpose of the Corporate Compliance Program is to establish appropriate controls that will help ensure consistent compliance with the federal and State laws which govern our activities, and to detect violations of the law by employees and others affiliated with Achieve Beyond.

Achieve Beyond's Corporate Compliance Program includes the following elements:

- A Compliance Officer who is responsible for the day-to-day operations of the Corporate Compliance Program.
- Written standards of conduct, policies and procedures that describes compliance expectations and promote Achieve Beyond's commitment to compliance for all employees and others affiliated with Achieve Beyond.
- A Corporate Compliance Committee that operates and monitors the Corporate Compliance Program and initiates the necessary actions to correct any compliance problems.
- Regular, effective education and training programs for all employees whose job descriptions include activities that are subject to the Corporate Compliance Program.
- Procedures to encourage employees and others affiliated with Achieve Beyond to openly bring to the Corporate Compliance Committee's attention any situation that may be a violation of law or the Corporate Compliance Program without fear of threats, intimidation, retaliation or punishment.
- A system that allows for confidential and anonymous reporting of compliance issues or concerns.
- A system to respond to allegations of improper or illegal activities and the enforcement of appropriate disciplinary action against employees who have violated the Corporate Compliance policies.
- Fairly and firmly enforced disciplinary policies that encourage good faith participation in the compliance program, that articulate expectation for reporting compliance issues and assisting in their resolution and that outline sanctions for: a) failing to report suspected

problems; b) participating in non-compliant behavior; or c) encouraging, directing, facilitating or permitting non-compliant behavior.

- Compliance audits and/or other evaluation techniques to monitor compliance and assist in the reduction of potential problem areas.

A goal of the Corporate Compliance Program is to educate appropriate employees with respect to federal and State statutes and regulations with which they must comply. In this regard, the federal Deficit Reduction Act (“DRA”) requires Achieve Beyond to provide all employees, contractors or agents with “detailed information” about:

- the federal False Claims Act
- the federal administrative remedies associated with the False Claims Act
- California laws pertaining to civil or criminal penalties for false claims and statements
- whistleblower protections provided under federal and State laws
- the role of federal and State laws in preventing and detecting fraud, waste and abuse

This letter provides you with the information required by the DRA.

### **Federal and California Statutes Related to Filing False Claims and Whistleblower Protections**

Numerous federal and State laws prohibit health care providers from submitting “false” or “fraudulent” claims to Medicare and Medicaid and other federally-funded health care programs. Presented below is a listing and description of various federal and State statutes related to the filing of false Medicare and Medicaid claims.

#### **Federal Laws**

1. False Claims Act, 31 U.S.C. 3729-3733.

The federal False Claims Act imposes penalties and fines on individuals and entities that file false or fraudulent claims for payment from Medicare, Medicaid, or other federal health programs. The penalty for filing a false claim is \$10,781 - \$21,563 per claim and the recoverable damages are between two and three times the value of the amount falsely received. In addition, the false claims filer may have to pay the government’s legal fees.

The False Claims Act allows private individuals to file lawsuits in federal court, just as if they were federal prosecutors. If the suit eventually concludes with payments back to the government, the person who started the case can recover 25-30% of the proceeds if the government did not participate in the suit, or 15-25% if the government did participate in the suit.

2. Administrative Remedies for False Claims, 31 U.S.C. 3801-3812.

This statute allows for administrative recoveries by federal agencies. If a person submits a claim that the person knows is false, or contains false information, or omits material information, then the agency receiving the claim may impose a penalty of up to \$10,781 for each claim. The agency may also recover twice the amount of the claim.

A violation of this law occurs when a false claim is submitted, not when it is paid. Also, unlike the False Claims Act, the determination of whether a claim is false and the imposition of fines and penalties is made by the administrative agency, not by bringing lawsuits in the federal court system.

### California State Laws

1. California False Claims Act. The California False Claims Act imposes penalties and fines on individuals and entities that knowingly file false or fraudulent claims for payment from Medicaid or other State health programs. The potential penalty for knowingly filing a false claim is (1) \$5,500 - \$11,000 per claim, (2) payment up to three times the damages sustained by the State or local government, (3) payment of the legal fees of the State or political subdivision.

The California False Claims Act allows private individuals to file lawsuits in State court. If the suit eventually concludes with payments back to the State, the person who started the case can recover a percentage of the proceeds based on whether the State did or did not participate in the suit.

2. California Welfare & Institutions Code 14107. This statute establishes grounds for both criminal and civil actions against any person who knowingly defrauds Medi-Cal or other state medical assistance programs by submitting false claims or making false representations. Action may only be brought by State officials as there is no mechanism for private individuals to file qui tam lawsuits. Penalties for a violation of this statute include imprisonment up to five years and/or a fine not exceeding three times the amount or value of the fraud.
3. California Insurance Code 1871. It is a violation to knowingly submit a false claim for a health care benefit to a private insurer. Actions under this statute may be brought by the district attorney or the Insurance Commissioner of California although a private individual may file a qui tam lawsuit on behalf of the State. The State or district officials may choose to participate in the qui tam lawsuit. If the case is successful, the individual is entitled to a portion of the State's recovery. Individuals who assist or participate in actions under this statute are protected from workplace retaliation. The potential penalty under this statute is \$5,000 - \$10,000 and an assessment up to three times the amount of each fraudulent claim. Additionally, there may be a separate criminal prosecution.

**Whistleblower Protections**

Federal False Claims Act (31 U.S.C. 3730(h)) and California False Claims Act 12650. An employee who is “discharged, demoted, suspended, threatened, harassed or in any manner discriminated against” because of the employee’s lawful acts under the federal and California False Claims Acts is entitled to reinstatement, double back pay with interest, special damages, and litigation costs and attorneys’ fees.

If you become aware of any compliance issues or have any questions regarding the information contained in this letter, please contact Joseph Matuza, Achieve Beyond’s Corporate Compliance Officer, at (718) 762-7633 (x 190).