



UNIVERSITY POLICY

SUBJECT:	CORPORATE COMPLIANCE AND PRIVACY	TITLE:	FRAUD, WASTE AND ABUSE PROTECTION AND THE FEDERAL DEFICIT REDUCTION ACT OF 2005		
CATEGORY: Check One	Board of Trustees <input checked="" type="checkbox"/>	Presidential <input type="checkbox"/>	Functional <input type="checkbox"/>	School/Unit <input type="checkbox"/>	
Responsible Executive:	Senior Vice President/Chief Compliance Officer		Responsible Office:	Ethics, Compliance and Corporate Integrity	
CODING:	00-01-15-55:05	ADOPTED:	07/21/09	AMENDED:	09/15/09
				LAST REVIEWED: 09/15/09	

I. PURPOSE

ADDEMDUM TO University policy, REPORTING COMPLIANCE AND ETHICS, 00-01-15-55:00:

This policy supplements the University policy, Reporting Compliance and Ethics Concerns, 00-01-15-55:00 and those sections of the UMDNJ Compliance Plan which concern the detection and prevention of fraud, waste and abuse in the implementation of federal and state healthcare programs and protection for those who report actual or suspected wrongdoing as well as sanctions for those who forward false information.

To satisfy the requirements of the Deficit Reduction Act of 2005 (DRA), particularly Section 6032, by providing information about federal and state laws relating to liability for false claims and statements.

II. ACCOUNTABILITY

The Senior Vice President/Chief Compliance Officer and the Senior Vice President and General Counsel are responsible for ensuring compliance and the implementation of this policy.

III. APPLICABILITY

This policy shall apply to all employees of UMDNJ as well as contractors or agents of UMDNJ when performing functions under the authority of, or acting on behalf of, UMDNJ.

VI. REFERENCE

Reporting Compliance and Ethics Concerns [00-01-15-55:00](#)

V. POLICY

SUMMARIES OF FEDERAL AND STATE LAWS AS REQUIRED BY SECTION 6032 OF THE DRA: Following are summaries of civil and criminal statutes enacted by the Federal Government and by the State of New Jersey which provide penalties for claims of false or fraudulent claims and broad investigative authority for federal and state authorities:

A. Federal Civil False Claims Act (31 U.S.C. §3729 et seq.) This statute imposes civil liability on any person who:

- knowingly presents, or causes to be presented, a false or fraudulent claim, record or statement for payment or approval,
- conspires to defraud the government by getting a false or fraudulent claim allowed or paid,
- uses a false record or statement to avoid or decrease an obligation to pay the Government,
- and other fraudulent acts enumerated in the statute.

The definition of "knowingly" in the civil False Claims Act ("FCA") includes actual knowledge as well as acts in deliberate ignorance, or in reckless disregard, of the truth or falsity of the information. No proof of specific intent to defraud is required.

The term "claim" includes a request or demand for any portion of money or property provided by the Federal Government.

Potential civil liability includes penalties of between five thousand five hundred and eleven thousand per claim, treble damages, and the costs of any civil action brought to recover such penalties or damages.

The Attorney General of the United States is required to investigate violations of the FCA, and may file a suit to enforce the FCA. Before filing suit the Attorney General may seek the production of documents and written answers and oral testimony pursuant to an investigative demand or demands.

Private persons may also bring actions under the FCA (qui tam lawsuits) in the name of the government for violations of the FCA. When the action is filed it remains under seal for at least sixty days to provide the United States Government the opportunity to intervene in the lawsuit and prosecute, dismiss or settle the action. If the Government does not intervene, the private party who sued may proceed with the action.

If the government proceeds, the qui tam plaintiff may receive fifteen to twenty-five percent of the proceeds of a judgment or settlement.

If the qui tam plaintiff proceeds, the plaintiff may receive twenty-five to thirty percent of the recovery. In addition, recovery of reasonable attorneys' fees and costs may be ordered.

If the civil action is frivolous, vexatious, or brought to harass, the plaintiff may be ordered to pay the defendant's fees and costs. If found guilty of a crime associated with the violation, the plaintiff is not entitled to any recovery.

B. Federal Program Fraud Civil Remedies Act of 1986 (38 U.S.C. §380 et seq.). This statute establishes an administrative remedy against a 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.

The term "knows or has reason to know" includes actual knowledge as well as acts in deliberate ignorance, or 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 any money or property provided by the Federal Government.

The appropriate federal department may investigate and, with the Attorney General's approval, may initiate a recovery proceeding if the claim is less than one hundred and fifty thousand dollars.

In addition, civil monetary sanctions may be imposed in administrative hearings, through an assessment, in lieu of damages, of twice the amount of the original claim.

- C. **The New Jersey Medical Assistance and Health Services Act** (NJSA 30:4D-17(1)-(d)). The criminal provisions of this statute (MAHA) allow the imposition of penalties of \$10,000, and imprisonment of up to 3 years or both, upon a recipient or a provider who is convicted for willfully receiving monies to which he or she was not entitled.

The civil provisions of MAHA (NJSA 30:4D-17(e) - (i)) allow: interest on the amounts of excess benefits or payments made; payment of up to three times the amount of excess benefits or payments received; and payment of \$2000 for each excessive claim for assistance, benefits or payments.

- D. **The New Jersey Health Care Claims Fraud Act** (NJSA 2C:21-4.2 and 4.3; NJSA 2C:51-5). This statute provides for the automatic permanent forfeiture of health care licenses for persons convicted of health care claims fraud for crimes of the second degree, and a one-year suspension for those convicted of health care claims fraud for crimes of the third degree. One can also be imprisoned up to 10 years for fraudulent claims submitted for professional services as well as required to pay fines up to 5 times the amount of the fraudulent claim.

- E. **The New Jersey False Claims Act**

This statute amends the New Jersey Medicaid Statute, (NJSA 30:4D-17(e)), and authorizes the Attorney General and/or whistleblowers to maintain false claims litigation similar to what is authorized under the Federal False Claims Act. The statute also imposes civil liability under NJSA 30:4D-17(3) for violations. In addition, the statute amends the New Jersey Medicaid Statute to increase the limits of false claim civil penalties under NJSA 30:4D-17(e)(3) to the same level provided for under the Federal False Claims Act. Penalties under the federal statute are currently between \$5,500 and \$11,000 per false claim.

- F. **The New Jersey Conscientious Employee Protection Act** (NJSA 34:19-1 et seq.)

Under this statute, an employee is protected from retaliation in his/her employment if he/she: (1) Disclosed, or threatened to disclose, to a supervisor or public body an activity, policy or practice of the employer, or of another employer with whom there is a business relationship, that the employee reasonably believed to be in violation of a law, or a rule or regulation issued under the law or (2) Provided information or testimony to a public body conducting an investigation, hearing or inquiry into any violation of law, or a rule or regulation issued under the law by the employer or another employer, with whom there is a business relationship or (3) Objected to or refused to participate in any activity, policy or practice which the employee reasonably believed: (a) is in violation of a law, or a rule or regulation issued under the law; (b) is fraudulent or criminal; or (c) is incompatible with a clear mandate of public policy concerning the public health, safety and welfare or protection of the environment.

By Direction of the President:

Senior Vice President/Chief Compliance Officer