Fraud, Waste and Abuse

Health care fraud, waste and abuse hurts everyone, including members, health partners, taxpayers and Humana – CareSource. As a result, we have a comprehensive fraud, waste and abuse program in our special investigations unit. Please help us by reporting questionable activities and potential fraud, waste and abuse situations.

DEFINITION OF TERMS

Fraud is defined as "… an intentional deception or misrepresentation made by a recipient or a health partner with the knowledge that the deception could result in some unauthorized benefit to himself or some other person. It includes any act that constitutes fraud under applicable federal or state law."

Waste involves taxpayers not receiving reasonable value for money in connection with government-funded activities due to an inappropriate act or omission by player with control over, or access to, government resources (e.g., executive, judicial or legislative branch employees, grantees or other recipients). Waste goes beyond fraud and abuse and most waste does not involve a violation of law. Waste relates primarily to mismanagement, inappropriate actions and inadequate oversight.

Abuse is defined as "… provider practices that are inconsistent with sound fiscal, business, or medical practices, and that result in an unnecessary cost to the Medical Assistance Program, or that result in reimbursement for services that are not medically necessary or that fail to meet professionally recognized standards for health care."

Abuse also results when recipient practices result in unnecessary costs to the Medical Assistance Program or the obtaining of goods, equipment, medicines or services that are not medically necessary or that are excessive, or constitute flagrant overuse or misuse of Medical Assistance Program benefits for which the recipient is covered.

Knowingly means acting with actual knowledge or with reckless disregard or deliberate indifference to the truth or falsity of information.

Improper payment is any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative or other legally applicable requirements. It also includes payment to an ineligible recipient, payment for an ineligible good or service, duplicate payment, payment for a good or service not received (except for such payments where authorized by law) and payment that does not account for credit for applicable discounts. (Improper Payments Elimination and Recovery Act [IPERA]).

Examples of Member Fraud, Waste and/or Abuse:

- Inappropriately using services such as selling prescribed narcotics, or seeking controlled substances from multiple health partners or multiple pharmacies
- Altering or forging prescriptions – i.e. changing prescription forms to get more than the amount of medication prescribed by his or her physician
- Sharing prescription ID cards
- Not disclosing other health insurance coverage
- Obtaining unnecessary equipment and supplies
- Receiving services or picking up prescriptions under another person's name or ID (identity theft)
- Providing inaccurate symptoms and other information to health partners in order to receive treatment, drugs, etc.

Examples of Health Partner Fraud, Waste and/or Abuse:

- Prescribing drugs, equipment or services that are not medically necessary
- Failing to provide patients with medically necessary services due to lower reimbursement rates
- Billing for tests or services not provided
- Intentionally using improper medical coding to receive a higher reimbursement
- Purchasing drugs from outside the United States
- Prescribing high quantities of controlled substances without medical necessity
- Unbundling services to obtain higher reimbursement
- Not checking member IDs resulting in claims submitted for non-covered persons
- Scheduling more frequent return visits than are needed
- Billing for services outside of your medical qualifications
- Using member lists for the purpose of submitting fraudulent claims
- Billing drugs for inpatients as if they were outpatients
- Accepting payments from kickbacks or Stark violations
- Retaining overpayments made in error by Humana – CareSource
- Preventing members from accessing eligible or covered services

Examples of Pharmacy Fraud, Waste and/or Abuse:

- Dispensing prescription drugs inconsistent with the order
- Submitting claims for a more expensive brand name drug when a less expensive generic prescription is dispensed
- Dispensing less than the prescribed quantity without arranging for the additional medication to be received with no additional dispensing fees
- Splitting prescriptions into two orders to seek higher reimbursement
- Dispensing expired, fake, diluted, tainted or illegal drugs
- Billing for prescriptions not filled or picked up

Examples of Employee Fraud, Waste and/or Abuse:

- Receiving gifts or kickbacks from vendors for goods or services
- Inappropriately marketing our company to potential members
- Behaving in an unethical or dishonest manner while performing company business

Examples of Vendor Fraud, Waste and/or Abuse:

- Falsifying business data or reports
- Not reporting or taking action on employees who are debarred
- Billing for services not rendered
- Billing for a more expensive service, but providing a less expensive service

The Humana – CareSource special investigations unit routinely monitors for potential fraud, waste and abuse. When found, an investigation is initiated and, if warranted, corrective action is taken.

Corrective actions can include, but are not limited to:

- Member and/or health partner education
- Written corrective action plan
- Health partner termination with or without cause
- Health partner summary suspension
- Recovery of overpaid funds
- Member disenrollment
- Contract termination
- Employee disciplinary actions
- Reporting to one or more applicable state and federal agencies
- Legal action

The health partner agreement outlines specific information on each type of health partner termination/suspension. The fair hearing plan provides information on an appeal process and is available online by searching for “Fair Hearing Plan” at **CareSource.com/KY**.

Anyone who identifies questionable activity related to fraud, waste or improper payments is encouraged to report it to Humana – CareSource using one of the reporting methods outlined at the end of this section.

The Federal and State False Claims Acts and other Fraud, Waste and Abuse Laws
Using the False Claims Act, you can help reduce fraud against the federal

government. The act allows everyday people to bring "whistleblower" lawsuits on behalf of the government — known as "qui tam" suits — against businesses or other individuals that are defrauding the government through programs, agencies or contracts.

As amended in 2009, the False Claims Act addresses those who:

a. Knowingly present, or cause to be presented, a false or fraudulent claim for payment or approval
b. Knowingly makes, uses or causes to be made or used, a false record or statement material to a false or fraudulent claim
c. Conspires to commit a violation of any other sections of the False Claims Act
d. Has possession, custody or control of property or money used, or to be used, by the government and knowingly delivers, or causes to be delivered, less than all of that money or property.
e. Is authorized to make or deliver a document certifying receipt of property used, or to be used by the government, and intending to defraud the government, makes or delivers the receipt without completely knowing that the information on the receipt is true
f. Knowingly buys, or receives as a pledge of an obligation or debt, public property from an officer or employee of the government, or a member of the armed forces, who lawfully may not sell or pledge property
g. Knowingly makes, uses, or causes to be made or used, a false record or statement material to an obligation to pay or transmit money or property to the government, or knowingly conceals or knowingly and improperly avoids or decreases an obligation to pay or transmit money or property to the government

A violation of the Federal Anti-Kickback Statute constitutes a false and fraudulent claim under the Federal False Claims Act. Please see below.

There are significant penalties for violating the False Claims Act. Civil penalties include fines for each false claim and may be tripled. In addition to civil penalties, courts also can impose criminal penalties.

Kentucky Law

Kentucky has not enacted a false claims statute with a qui tam provision comparable to the federal False Claims Act. However, Kentucky law does permit the Kentucky attorney general to prosecute an individual or entity that:

- knowingly or wantonly devises a scheme or plans a scheme or artifice, or enters into an agreement, combination or conspiracy to obtain or aid another in obtaining payments from medical assistance programs by means of any fictitious, false or fraudulent application, claim, report or document submitted to the Cabinet for Health and Family Services or intentionally engages in conduct which advances the scheme or artifice;
- intentionally, knowingly or wantonly makes, presents, or causes to be made or presented to an employee or officer of the Cabinet for Health and Family Services a false, fictitious or fraudulent statement, representation, or entry in an application, claim, report or document used in determining rights to any benefit or payment;

- intends to defraud, knowingly makes, or induces, or seeks to induce the making of a false statement or false representation of a material fact with respect to the conditions or operations of an institution or facility in order that the institution or facility may qualify, upon initial certification or upon recertification, as a hospital, skilled-nursing facility, intermediate-care facility, home-health agency or other health partner of services to the Medical Assistance Program; or
- knowingly falsifies, conceals or covers up by any trick, scheme or device a material fact, or makes any false, fictitious or fraudulent statement or representation, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry.

The complete set of Kentucky laws governing Medicaid fraud and abuse may be found at Kentucky Revised Statutes §§205.8451-205.8483.

Protection for Reporters of Fraud, Waste or Abuse

Federal and state law and Humana – CareSource's policy prohibit retaliation or retribution against persons who report suspected violations of these laws to law enforcement officials or who file "whistleblower" lawsuits on behalf of the government. Anyone who believes that he or she has been subject to any such retribution or retaliation should also report this to our Special Investigations Unit using one of the reporting methods outlined at the end of this section..

Incentives for Whistleblowers

Individuals bringing the suit may receive a percentage of the proceeds of the action or settlement. Additional information on the False Claims Act and our fraud, waste and abuse policies can be found on our website at **CareSource.com/KY**.

Other Fraud, Waste and Abuse Laws

- Under the federal Anti-Kickback Statute and subject to certain exceptions, it is a crime for anyone to knowingly and willfully solicit or receive, or pay anything of value including a kickback, bribe or rebate, in return for referring an individual to a person for items or services for which payment may be made in whole or in part under a federal health care program. (42 U.S.C. §1320a-7b)
- Under the federal Stark Law and subject to certain exceptions, physicians are prohibited from referring federal health care program patients for certain designated health services to an entity with which the physician or an immediate family member has a financial relationship. The Stark Law imposes specific reporting requirements on entities that receive payment for services covered by federal health care programs. (42 U.S.C. §1395[a] and §1903[s])

As part of the Health Insurance Portability and Accountability Act (HIPAA), the U.S. Criminal Code was amended, and it is a crime to knowingly and willfully execute, or attempt to execute, a scheme or artifice to defraud a federal health care program or obtain by means of false or fraudulent pretenses, representations or promises, money or property owned by or under the custody or control of a federal health care program. 18 U.S.C. §1347.

Prohibited Affiliations / 42 C.F.R. § 438.610

Humana – CareSource is prohibited by its federal and state contracts from knowingly having relationships with persons who are debarred, suspended or otherwise excluded from participating in federal procurement and non-procurement activities. Relationships must be terminated with trustees, officers, employees, health partners or vendors who are identified to be debarred, suspended or otherwise excluded from participation in federal or state health care programs. If you become aware that you or your office management staff have a prohibited affiliation, you must notify us immediately using the contact information in the reporting section below.

Confidentiality

Physicians shall prepare, maintain and retain as confidential the health records of all members receiving health care services, and members' other personally identifiable health information received from Humana – CareSource, in a form and for time periods required by applicable state and federal laws, licensing requirements, accreditation and reimbursement rules and regulations to which physicians and health partners are subject, and in accordance with accepted practices.

HUMANA – CARESOURCE DISCLOSURE OF OWNERSHIP, DEBARMENT AND CRIMINAL CONVICTIONS

Before Humana – CareSource enters into or renews an agreement with your practice or corporate entity, you must disclose debarment or suspension status and criminal convictions related to federal health care programs. This disclosure includes you, your managing employees and anyone with an ownership or controlling interest in your practice or corporate entity.

In addition, if the ownership or controlling interest of your practice or corporate entity changes, you have an obligation to notify us immediately, including a change in ownership and controlling interest by a spouse, parent, child or sibling. Please contact us by using the contact information in the reporting section below.

If you have ownership of a related medical entity where there are significant financial transactions, you may be required to provide information on your business dealings.

If you fail to provide this information, we are prohibited from doing business with you. Please refer to the Code of Federal Regulations (CFR) 42 CFR 455.100-106 for more information and definitions of relevant terms.

HOW TO REPORT FRAUD, WASTE OR ABUSE

It is Humana – CareSource's policy to detect and prevent any activity that may constitute fraud, waste or abuse, including violations of the federal False Claims Act or state Medicaid fraud laws. If you have knowledge or information that any such activity may be or has taken place, please contact our special investigations unit. Reporting fraud, waste or abuse can be anonymous.

Options for reporting anonymously:

- Call: **1-855-852-7005** and follow the appropriate menu option for reporting fraud
- Write: Humana – CareSource
  Attn: Special Investigations Unit
  P.O. Box 1940
  Dayton, OH 45401-1940

Options for reporting that are not anonymous:

- Fax: 1-800-418-0248
- Email*: **fraud@caresource.com**

Or you may choose to use the Fraud, Waste and Abuse Reporting Form located at **CareSource.com/KY**.

** Most email systems are not protected from third parties. Please do not use email to send confidential information. To help protect your privacy if you will be sending confidential or health information, please use the form or phone number to report your concerns.*

When you report fraud, waste or abuse, please give as many details as you can, including names and phone numbers. You may remain anonymous, but if you do we will not be able to call you back for more information. Your reports will be kept confidential to the extent permitted by law.

A Roadmap to Avoid Medicare and Medicaid Fraud and Abuse

The Office of the Inspector General (OIG) has created free materials for health partners to assist you in understanding the federal laws designed to protect Medicaid and Medicare programs and program beneficiaries from fraud, waste and abuse. This brochure can be found on the Office of Inspector General's website at: http://oig.hhs.gov/compliance/physician-education/index.asp.

To report fraud, waste and abuse directly to OIG, you can call 1-800-372-2970. Hours are Monday through Friday, 8 a.m. to 4:30 p.m. Eastern time. You also can leave a secure voicemail message and an investigator will return you call.

Thank you for helping Humana – CareSource keep fraud, waste and abuse out of health care.