NORTHWEST COMMUNITY HOSPITAL
ADMINISTRATIVE POLICY

PREPARED BY:	**Ken Blickenstaff**	**NUMBER:**	**177**
REVIEWED BY:	**Mike Zenn**	**DATE:**	**2-07**
APPROVED BY:	**Mike Zenn**	**REVISION DATE:**	
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SUBJECT: **Prevention of Fraud & Abuse**

PURPOSE:

To comply with the statutes, regulations, directives and standards related to reimbursement, standards of care, and medical necessity by ensuring that all Northwest Community Hospital ("NCH") activities, including contracting, financial relationships and claims submissions, are in compliance with State and Federal healthcare program requirements including, but not limited to, compliance with the State and Federal False Claim statutes, the Anti-Kickback statute and Stark laws.

SCOPE:

This policy applies to all employees of NCH and contractors, vendors, or other individuals who provide direct patient care items or services, or perform billing or coding on behalf of NCH, in a facility that is owned, rented, managed, or leased by NCH.

DEFINITIONS:

- **Fraud** – Fraud is an intentional deception or misinterpretation that an individual knows to be false or does not believe to be true and makes, knowing that the deception could result in some unauthorized benefit to himself/herself or other person or entity.
- **Abuse** – Incidents or practices of providers, physicians or suppliers of services that are inconsistent with accepted sound medical practices, directly or indirectly resulting in unnecessary costs to State or Federal Healthcare programs, improper payment or program payment for services that fail to meet professionally recognized standards of care or are medically unnecessary.
- **Knowledge** – can be:
  - Actual knowledge,
  - Deliberate ignorance of the truth, or
  - Reckless disregard for the truth.

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POLICY:

4.1 NCH business and financial practices shall comply with applicable State and Federal health care program requirements and NCH will report fraudulent or abusive activities to the appropriate governmental agency when appropriate or as advised by counsel.

4.2 NCH shall prevent fraudulent activity by complying with all applicable State and Federal statutes and regulations, and pertinent internal policies and procedures.

4.3 At a minimum, the following activities will be avoided, and, if detected, will be halted, corrected, and appropriately disclosed:

- 4.3.1 Billing for services or supplies that were not provided. This includes billing for services that were not actually furnished because the patients failed to keep their appointments;
- 4.3.2 Misrepresenting the patient's diagnosis to justify the services or equipment furnished;
- 4.3.3 Altering claim forms to inappropriately obtain a higher payment amount;
- 4.3.4 Deliberately applying for duplicate payment, (e.g., billing both Medicare and the patient for the same service or billing both Medicare and another insurer in an attempt to get paid twice);
- 4.3.5 Soliciting, offering, or receiving a kickback, bribe, or rebate, (e.g., paying for a referral of patients in exchange for the ordering of diagnostic tests and other services or medical equipment) (See also Gift Accepting, Fundraising, and Charitable Donations Administrative Policy No. 74);
- 4.3.6 Unbundling or exploding charges inappropriately, (e.g., the billing of a multi-channel set of lab tests to appear as if the individual tests had been performed);
- 4.3.7 Misrepresenting the services rendered, amounts charged for services rendered, identity of the person receiving the services, dates of services, such as:
  - 4.3.7.1 Upcoding or the use of procedure codes not appropriate for the item or service actually furnished;
  - 4.3.7.2 Billing for non-covered services as covered services;

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4.3.7.3 Participating in schemes that involve collusion between the hospital and a patient , or between a supplier and the hospital that result in higher costs or charges to State or Federal Healthcare programs (See also Conflict of Interest Administrative Policy No. 158);

4.3.7.4 Using another person's Medicare or Medicaid identification to bill for medical care rendered to a different person;

4.3.7.5 Billing procedures over a period of days when all treatment occurred during one visit; and

4.3.7.6 Billing based on a series of visits, (e.g., a home health billing twenty (20) home visits without furnishing any specific service to, or on behalf of, individual patients)

STANDARDS:

5.1 As part of NCH's commitment to limit opportunities for fraud and abuse, NCH understands that accurate documentation in patient medical records is an important part of an overall compliance program. As such, at a minimum, each medical record shall meet the following standards. Please also refer to JCAHO IM standards, Illinois statute and Medicare Conditions of Participation for detailed medical record content requirements (See also Legal Medical Record Administrative Policy No. 158)

5.1.1 It will be complete and legible;

5.1.2 It will include, for each patient encounter, the reason for the encounter and relevant history; physical examination findings; prior diagnostic test results; assessment, clinical impression or diagnosis; plan for care and date and legible identity of the observer;

5.1.3 It will include the rationale for ordering diagnostic and other ancillary services;

5.1.4 Past and present diagnoses will be accessible to the treating and/or consulting physician;

5.1.5 Appropriate health risk factors will be identified;

5.1.6 The patient's progress, response to and changes in treatment and revision in diagnosis will be documented; and

5.1.7 The CPT, ICD-9 and HCPCS codes reported on the claim will be supported by the documentation in the medical record.

5.2 **Establishing and maintaining a compliance plan** will assist in avoiding activities that could be considered violations of fraud and abuse laws. As such, NCH shall include the following elements recommended by the Office of Inspector General (OIG) as part of NCH's compliance plan.

5.2.1 Conduct internal monitoring and auditing;

5.2.2 Implement compliance and practice standards;

5.2.3 Designate a compliance officer;

5.2.4 Conduct effective training and education programs;

5.2.5 Implement appropriate response mechanisms to detected offenses and develop corrective actions;

5.2.6 Develop open lines of communication; and

5.2.7 Enforce disciplinary standards through well-publicized guidelines.

5.3 The NCH Legal Department is required to review contracts between NCH and outside providers, suppliers, vendors, members, and patients. Contract templates have been developed to promote compliance with applicable State and Federal laws, regulations, and policies, including but not limited to Federal and State health care laws prohibiting kick-backs and self-referrals (See also Contract Review Administrative Policy No. 57).

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5.4 Instances of suspected fraud and abuse should be reported to the Compliance Department or the Compliance Line and investigated and, where necessary, a corrective action plan shall be implemented. Refer to the following NCH Administrative and Compliance Department Policies:

5.4.1 Compliance Department - Responding to Compliance/Ethics Concerns
5.4.2 Overpayment Reporting – Governmental Payers
5.4.3 Investigations by Government Officials Administrative Policy No. 157

RESPONSIBILITIES:

The Compliance Department shall be responsible for maintaining this policy and assuring that the content is accurate and current.

MAINTENANCE:

This policy shall be reviewed annually and revised as necessary.

REFERENCES:

- Office of Inspector General Compliance Program for Individual and Small Physician Practices, 65 Fed. Reg. 59, 737 (Oct. 5, 2000).
- Office of Inspector General Compliance Program Guidance for Hospitals, 63 Fed. Reg. 8987 (Feb. 23, 1998).
- Office of Inspector General Supplemental Compliance Program Guidance for Hospitals, 70 Fed. Reg. 4858 (January 31, 2005).
- Medicare Carriers Manual § 14001 (CMS Pub. 14-3).
- Medicare Program Integrity Manual Chapter. 4 § 4.2.1 (CMS Pub. 100-8).
- 31 U.S.C. § 3729(b).

IMPLEMENTATION:

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A. Effective Dates

This policy becomes effective upon approval by the approving authorities.

B. Distribution

- Upon approval, this policy shall be distributed to all affected departments.
- Upon approval, this policy will be posted to Compliance Department Webpage which is available on the NCH Intranet.
- As applicable, affected entities, departments, and individuals may prepare and implement procedures consistent with this policy and as necessary conduct appropriate education to assure consistent and uniform implementation.