Corporate Compliance

Ethical Business Practice

**What is corporate compliance?**
Corporate compliance refers to comprehensive programs of internal control designed to prevent and detect fraud and abuse within healthcare facilities. The goal of compliance programs is to create an atmosphere within the facility that promotes ethical conduct according to State and Federal laws and operational standards required by insurance companies. Fraud and abuse are prosecuted under the False Claims Act with heavy fines attached to each offense.

The Department of Justice has made healthcare fraud a high priority, second only to violent crime. Increased resources have been allotted and efforts are ongoing to detect fraud and abuse within healthcare facilities. Fraud and abuse are being prosecuted under the False Claims Act with fines ranging from $5,000.00 to $10,000.00 per episode, plus triple the amount of the false claims. (For example: if 2 procedures were performed, but were billed as 8 performed, the cost of the 6 claimed procedures that were not performed would be tripled in the fine.) As a result, the best defense for a facility is to develop a compliance program. Such a program will not guarantee immunity from prosecution, but if a commitment to compliance is evident within the facility, it will be taken into account should an investigation take place.

**Fraudulent and ethical business practices**
Fraud is the act of deceiving. It is the intentional distortion of truth in order to induce another person to part with something of value.

Examples of fraudulent practices are:

- Billing for services or goods not rendered
- Coding diagnoses falsely to obtain higher reimbursement (Medicare reimburses according to the code corresponding to the diagnosis, known as the Diagnosis Related Group or DRG)
- Receiving kickbacks (percentage of the fee charged) for diagnostic tests when referring patients
- Filing false claims
- Misquoting prices.

Ethics is a set of moral principles and values. It is the discipline of dealing with right and wrong.

Ethical business practices include:

- Accurate billing procedures
- Accurate filing of claims
- Accurate coding or assigning proper DRG
- Honest referrals
- Reporting abuses of the system.

Strong compliance programs show patients, employees, and the community that the facility has made a commitment to conducting business ethically and legally. It also serves to ensure a high quality of care for patients and their families.
Elements of compliance
A compliance program must contain seven basic elements for a facility to be deemed effective at compliance. The elements are:

1. Standards of conduct
2. Responsibility
3. Internal reporting mechanism
4. Education and training
5. Internal policing
6. Discipline
7. Evaluation and modification

Standards of conduct
A facility should have comprehensive written standards of conduct and other policies that promote the group's commitment to compliance.

Responsibility
It is essential that a facility designates a compliance officer or have a particular person responsible for implementing and monitoring the compliance process.

Internal reporting mechanism
A facility should have an internal reporting system for receiving complaints and suspected problems. Employees should feel comfortable about making a report when necessary and not fear retaliation for doing so.

Education and training
A facility must provide education and training for all staff that is tailored to the demands of the compliance process and meets current federal requirements. Priority should be given to risk areas that have been identified. Training materials should be continuously updated as federal requirements change.

Internal policing
A facility must have auditing systems to monitor the effectiveness of the compliance process. The auditing system should include employee interviews, chart reviews, and prospective billing audits.

Dialogue
A facility must have mechanisms for enforcing compliance programs and disciplining employees. Finding problems does not indicate ineffectiveness, but failing to correct problems and failing to take action to prevent further occurrences will severely weaken a compliance program.

Evaluation and modification
A facility should implement a program of modifications to prevent future offenses. Self-evaluation is necessary to determine weaknesses and correct processes.

Each element of a compliance program should be documented. Written reports are important and should include all policies, minutes of compliance committee meetings, meeting attendance sheets, training sessions, copies of training materials, employee screening reports, disciplinary reports, enforcement measures, and evaluation and modification of procedures.

Discovery of Fraud

What is fraud?
Fraud is an intentional deceptive act done for unfair or unlawful gain. Examples of healthcare fraud include:

- Deliberate overcharging
- Unnecessary home health visits to obtain reimbursement
- Unnecessary procedures done for financial gain.

Giving false information for gain is also fraud. Examples of false information for gain include:

- Duplicate billing
- False codes on healthcare visits or procedures to obtain a higher reimbursement
- Claims for reimbursement of home health visits that were not made
- False reports.

Fraud does not include acts that are honest mistakes. Mistakes can occur in billing and there can be reimbursement discrepancies but neither is fraud.

**What to do if you suspect fraud**
The federal Child Abuse and Prevention Treatment Act (CAPTA) defines child abuse and All employees have a duty to report cases of fraud. It is also important that you alert your organization to cases that could look like fraud. After being alerted, the organization can solve the problems, and avoid legal accusations of fraud.

To be able to report fraud, you should know that:

- Your organization has a policy and procedure for reporting suspected fraud
- You may need to contact a specific person, and/or dial a hotline number
- You cannot be penalized by your organization for reporting suspected fraud.

**How to prevent fraud and suspicions of fraud**
Mistakes such as simple billing errors and reimbursement discrepancies occur and, although not fraud, must be investigated to prevent future errors and to ensure that fraud is not intended. Prevent all errors that could possibly appear as fraud or raise the suspicion of fraud.

If your job involves billing, charging, or coding:

- Learn the policies and procedures, and then follow them
- Document your work accurately
- Seek training if you do not understand how to do tasks
- Take advantage of training opportunities that will help you do your job better
- Be thorough and ask for help if needed
- Treat all customers and patients courteously
- Always give customers and patients accurate information
- Cooperate in internal audits - they are in place to discover and then correct problems.

*End of Corporate Compliance Lesson*