

CHAPTER Administrative	CHAPTER 01	SECTION 002	SUBJECT 25
SECTION Operations		DESCRIPTION Fraud	
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APPLICATION:

<input checked="" type="checkbox"/> CMH Staff	<input checked="" type="checkbox"/> Board Members	<input checked="" type="checkbox"/> Provider Network	<input checked="" type="checkbox"/> Employment Services Providers
<input type="checkbox"/> Employment Services Provider Agencies	<input checked="" type="checkbox"/> Independent Contractors	<input type="checkbox"/> Students	<input checked="" type="checkbox"/> Interns
<input type="checkbox"/> Volunteers	<input type="checkbox"/> Persons Served		

POLICY:

Lapeer County Community Mental Health (LCCMH) is committed to preventing and addressing fraud.

STANDARDS:

- A. LCCMH follows the Federal False Claims Act and Michigan Medicaid False Claims Act.
- B. All staff are responsible for detecting, reporting, and preventing fraudulent activities. Staff who make a good-faith effort to report suspected fraud are protected under whistleblower protection laws.
- C. Fraud includes any intentional act of deception, misrepresentation, or concealment to gain something unlawfully, including:
 1. Falsifying timesheets or expense reports
 2. Misusing agency funds or resources

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3. Falsifying persons served records or claims

4. Unauthorized use of property

D. Routine annual program audits and claims verifications are prescribed in the Quality Assessment and Performance Improvement Plan (QAPIP) and provide a tool for the detection of fraud, waste, and abuse. These issues are evaluated and/or investigated by the Corporate Compliance Liaison.

E. Staff who commit a fraudulent act are disciplined and/or terminated in accordance with agency personnel policies and procedures.

PROCEDURES:

A. Staff are required to report suspected fraud immediately to the agency Corporate Compliance Officer (CCO).

B. The CCO documents the circumstances and facts related to the suspected fraud and initiates an investigation. See LCCMH Policy 01.002.05 Corporate Compliance Complaint Investigation and Reporting Process.

1. The CCO notifies the Chief Executive Officer (CEO) of the complaint and initiation of an investigation.

2. When the investigation is completed, a report is forwarded to the CEO.

3. The CCO maintains all information gathered during the investigation, in accordance with record retention guidelines.

4. Findings that are suspicious of Medicaid fraud, waste, or abuse are forwarded to the Region 10 Prepaid Inpatient Health Plan (PIHP) Corporate Compliance Office.

5. Findings that are suspicious of non-Medicaid fraud, waste, or abuse are brought to the attention of and resolved with the payer of the service (third-party insurer, person served, etc.).

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6. Substantiated acts of fraud result in progressive discipline, up to and including termination, of staff employment or contractual agreements.

DEFINITIONS:

Fraudulent Act: the intentional perversion of truth, or the act of intentional deception or misrepresentation. Examples of fraud in the workplace may include but are not limited to:

1. Falsification of personnel records, records of persons served, or other records or reports
2. Misrepresentation of information for the benefit of the employee or contract provider
3. Falsification of billing information

Federal False Claims Act and Michigan Medicaid False Claims Act: these statutes establish criminal and civil liability when any covered person or entity knowingly presents or causes to be presented a false or fraudulent claim, improperly receives reimbursement from or avoids payments to the Federal Government. The False Claims provisions include the following:

1. Prohibit fraud in the obtaining of benefits or payments in connection with the program
2. Prohibit conspiracies in obtaining benefits or payments
3. Authorize the attorney general to investigate alleged violations of this act
4. Provide for civil actions to recover money received by reason of fraudulent conduct
5. Prohibit retaliation
6. Provide for certain civil fines
7. Prescribe remedies and penalties

Whistleblower: someone who reports waste, fraud, or abuse to someone who is in the position to rectify the wrongdoing.

Whistleblower Protection Laws: employers cannot retaliate (discharge, threaten, or discriminate) against staff for reporting violation of a law, regulation, or rule.

False Claims Act (Qui Tam) Whistleblower: under the False Claims Act, qui tam allows persons and entities with evidence of fraud against federal program or contract to sue the wrongdoer on behalf of the United States Government. Such persons are

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referred to as relators. Relators may be entitled to a percentage of the money successfully recovered.

REFERENCES

[Federal False Claims Act \(FCA\), 31 U.S.C. §§ 3729 – 3733](#)

LCCMH Policy 01.002.05 Corporate Compliance Complaint Investigation and Reporting Process

[Michigan Whistleblowers' Protection Act: Act 469 of 1980](#)

[Michigan Medicaid False Claim Act: Act 72 of 1977](#)

Region 10 PIHP Fraud Policy #01.02.02

LR

Supersedes: #03/11017, #05/03013 dated 05/08/2003.