

False Claims Prohibition and Acknowledgment

The purpose of this policy is to comply with the Deficit Reduction Act of 2005 by ensuring that employees of Ariel Clinical Services and of Ariel Clinical Services contractors and agents provided detailed information about the False Claims Act, 31 USC s 3729-s 3733, administrative remedies for false claims and statements established under chapter 38 of title 31, United States Code, and any State laws pertaining to civil or criminal penalties for false claims and statements, and whistleblower protections under such laws, with respect to the role of these laws in preventing and detecting fraud, waste and abuse of federal health care programs.

1.0 COMPLIANCE WITH FALSE CLAIMS LAWS REQUIRED

1.1 Federal Law Prohibits False Claims. The Federal False Claims Act, 31 USC 3729-3733 (FCA), prohibits the submission of false or fraudulent claims for payment to Medicare, Medicaid or other federal health programs. They are as follows:

1.1-1 Under the FCA, a person is civilly liable if he or she:

- 1.1.1.1 Knowingly presents, or causes to be presented, to an officer or employee of the United States Government a false or fraudulent claim for payment or approval;
- 1.1.1.2 Knowingly makes, uses or causes to be made or used, a false record or statement to get a false or fraudulent claim paid or approved by the Government;
- 1.1.1.3 Conspires to defraud the Government by getting a false or fraudulent claim allowed or paid;
- 1.1.1.4 Has possession, custody, or control of property or money used, or to be used by the Government, and intending to defraud the Government or willfully to conceal the property, delivers or causes to be delivered, less property than the amount for which the person receives a certificate or receipt;
- 1.1.1.5 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;
- 1.1.1.6 Knowingly buys, or receives as a pledge of an obligation or debt, public property from an officer or employee of the Government who lawfully may not sell or pledge the property; or
- 1.1.1.7 Knowingly makes, uses, or causes to be made or used, a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the Government.

1.1.2 A civil penalty of not less than \$5,000 and not more than \$10,000, plus 3 times the amount of damages which the Government sustains because of the act of that person can be awarded.

1.1.3 The terms "knowing" and "knowingly" mean that a person, with respect to information -

- 1.1.3.1 Has actual knowledge of the information;
- 1.1.3.2 Acts in deliberate ignorance of the truth or falsity of the information; or
- 1.1.3.3 Acts in reckless disregard of the truth or falsity of the information, and no proof of specific intent to defraud is required.
- 1.1.3.4 "Claim" - includes any request or demand, whether under a contract or otherwise, for money or property which is made to a contractor, grantee or other recipient if the United States Government provides any portion of the money or property which is requested or demanded, or if the Government will reimburse such contractor, grantee, or other recipient for any portion of the money or property which is requested or demanded.
- 1.1.3.5 Exclusion - This does not apply to claims, records, or statements made under the Internal Revenue Code of 1986, which has its own statutes and regulations.
- 1.1.3.6 The FCA allows individuals who have first-hand knowledge of such misconduct to sue the entity that submitted the false claim on behalf of the United States. If the suit results in recovery of funds for the Government, the individual can share in a percentage of the recovery. If the suit is found to have been for the purpose of harassing the employer, and/or the case has no merit, the individual may have to pay the defendant for its legal fees and the costs of its defense.
- 1.1.3.7 The FCA protects employees who act as whistleblowers from retaliation by their employers. An employee may not be discharged, demoted, suspended, threatened, harassed or discriminated against in

the terms and conditions of employment because of lawful actions taken by the employee in connection with an action under the FCA. If the employee can demonstrate that he or she was the victim of such retaliation, the employee is entitled to reinstatement, double back pay, plus interest and reimbursement of other costs and damages.

1.2 Federal Administrative Remedies for False Claims, 31 USC 3801-3812

1.2.1 This federal law is similar to the FCA and creates a penalty for submitting a false claim of up to \$5,000 per claim and twice the amount of the claim. This law is violated when a false claim is submitted, not when its paid. Under this statute, investigations and recoveries are handled by federal agencies, not the courts.

Although private individuals may report violations to the government, there is no option for the whistleblowers to share in the amounts recovered.

2.0 PROCEDURE FOR HANDLING ALLEGED FALSE CLAIMS

2.1 Duty to Report - to assist Ariel Clinical Services with its commitment to appropriate and legal conduct in relation to federally funded programs, employees or Ariel Clinical Services and of contractors have a duty to report any violations of the above laws that come to their attention. For example, if an employee believes that a representative or contractor of Ariel Clinical Services is billing for services that were not actually provided, were improperly coded, were medically unnecessary, or were provided in a significantly substandard manner, the employee or contractor employee should immediately contact the Human Resources Director, the Director of Finance, or the Executive Director of Ariel Clinical Services. The report should be in writing and contain details of the nature of the violation, date, time, location, identity of person engaging in the conduct, identity of any witnesses and relevant documents. The person receiving the report shall immediately notify the Compliance Officer (Director of Finance) of Ariel Clinical Services of the reported violation.

2.2 Investigation. Ariel Clinical Service's Compliance Officer, or the Compliance Officer's designee, shall conduct an investigation of the alleged misconduct. Employees and contractors must cooperate with the investigation.

2.3 Confidentially and Retaliation Issues. Ariel Clinical Services can not promise confidentiality in conducting its investigation, although it will endeavor to keep the investigation as confidential as possible while not jeopardizing the investigation. No employees shall be retaliated against for making a good faith report of a suspected violation to the managers identified above, or to any state or Federal agency authorized to receive such report, or for participating in the investigative or legal process. There are specific precautions under the laws for employees and contractors who act as "whistleblowers" when they believe false or fraudulent claims are being submitted.

2.4 Penalty. In addition to the civil penalties and damage awards that an individual may suffer for violating the Federal laws prohibiting False Claims and retaliation for reporting false claims, any employee of Ariel Clinical Services who violates this policy will also be subject to discipline or discharge for the first offense. Contractors and agents who violate this policy shall be in breach of their contract and subject to cancellation as well as monetary liability to Ariel Clinical Services for any damages Ariel Clinical Services suffers as a result of the Contractor's or agents violations.

3.0 DISSEMINATION OF POLICY

3.1 Ariel Clinical Services shall disseminate this policy to all employees at the time they are hired and to contractors and agents at the time they enter into a contract with Ariel Clinical Service and shall require the contractors and agents to make their employees and subcontractors aware of the policy. This policy shall also be included in Ariel Clinical Service's Policy Manual that is available to all Board Members, Managers and Employees. It shall be reviewed periodically with employees to ensure awareness and compliance.

FALSE CLAIMS ACKNOWLEDGEMENT

**I have read and understand the False Claims Prohibition Policy developed by Ariel Clinical Services.
A copy of the False claims prohibition policy has been provided to me.**

Signature

Date

Printed Name