

## **Deficit Reduction Act Compliance**

Section 6032 of the Federal Deficit Reduction Act (the “DRA”) (42 U.S.C. § 1396a (a) (68)) applies to entities that receive at least \$5 million in payments in a Federal fiscal year (October 1-September 30) for furnishing, directly or indirectly, Medicaid services. MHN and MHN ACO, LLC (the accountable care organization managed by MHN) must comply with the DRA. Although MHN and the MHN ACO are separate entities, they are referred to collectively here as “MHN” for ease of reference.

MHN is committed to acting in compliance with all rules and regulations related to its services. MHN has established a comprehensive Compliance Program that demonstrates MHN’s commitment to compliance. It provides guidance on all aspects of MHN’s compliance activities. It also helps ensure that MHN remains in compliance with applicable laws and regulations, including the DRA.

### **MHN’s DRA Compliance**

To comply with the DRA, MHN must establish written policies that provide detailed information to employees (including management), contractors, and agents about certain laws and their role in preventing and detecting fraud, waste, and abuse. These policies must include information about the federal False Claims Act; administrative remedies for false claims and statements under Federal law; state laws relating to civil or criminal penalties for false claims; and information regarding whistleblower protections under the above laws, all to assist MHN in preventing and detecting fraud, waste, and abuse. The policies must also include detailed information about MHN’s policies for detecting and preventing fraud, waste, and abuse.

MHN employees and contractors are required to report any suspected cases of fraud, waste, abuse, and overpayments to MHN management, or to use the anonymous reporting methods available through the MHN compliance hotline or email address. MHN’s Compliance Program includes policies to ensure MHN complies with the Deficit Reduction Act by providing information on its fraud, waste and abuse policies to its employees. The policies on fraud, waste and abuse provide information on how to detect, deter, and report fraud, waste and abuse. MHN also has a policy that specifically addresses the DRA requirements, and policies providing information on false claims acts (Federal and state), whistleblower protections, and non-retaliation as required by the DRA.

As required by the DRA, MHN makes these policies available to employees, contractors, and agents. The following policies are available electronically through an online policy management platform available to employees, as well as under ‘Compliance’ on MHN’s public-facing website.:

- EC.005 – Government Sanctions Screening
- EC.007 – Reporting Compliance Issues
- EC.008– Non-Retaliation Policy
- EC.009 – Deficit Reduction Act Compliance
- EC.015 – Detecting and Preventing Fraud, Waste and Abuse and Overpayment

MHN expects its employees, agents, and contractors to comply with all applicable federal and state laws as well as MHN’s policies.

### **False Claims Act Information**

MHN provides detailed information about the Federal False Claims Act (31 U.S.C. §§ 3729 – 3733) in its Compliance Manual, at EC.015 – Detecting and Preventing Fraud, Waste and Abuse and Overpayments. In addition to the information about the federal False Claims Act and state false claims acts provided in MHN’s policies and in the MHN Employee Handbook, the CMS summary of the federal False Claims Act is available [here](#).

Because MHN currently operates only in Illinois and North Carolina, a summary of Illinois’ and North Carolina’s False Claims Act is set forth below. If MHN’s operations expand beyond these states, a summary of any additional applicable state false claims laws will be added.

### **Illinois**

Illinois’ false claims act (740 Ill. Comp. Stat. 175/) is modeled on the Federal False Claims Act. Liability arises under the Illinois False Claims Act for any person who:

- i. Knowingly presents, or causes to be presented, a false or fraudulent claim for payment or approval;
- ii. Knowingly makes, uses or causes to be made or used a false record or statement material to a false or fraudulent claim;
- iii. Conspires to commit a violation of any of this false claim act’s provisions;
- iv. Has possession, custody, or control of property or money used or to be used by the State and knowingly delivers, or causes to be delivered, less than the full amount of that money or property;
- v. Is authorized to make or deliver a document certifying receipt of property used, or to be used, by the State, and intending to defraud the State, makes or delivers the receipt without completely knowing that the information on the receipt is true;
- vi. Knowingly buys, or receives as a pledge of an obligation or debt, public property from an officer or employee of the State, or a member of the Illinois National Guard, who lawfully may not sell or pledge the property; or
- vii. 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 State, or knowingly conceals or knowingly and improperly avoids or decreases an obligation to pay or transmit money or property to the State.

Under the Illinois False Claims Act, a claim is any request or demand for money or property that is presented to an officer, employee, or agent of the state; or to a contractor or other third party, if the funds will be used on the state’s behalf or to advance a State program or interest and the State provided some or all of the funds or property used, requested or demanded. Civil penalties for Illinois False Claims Act violations currently are generally the same as Federal false claims act penalties and range from \$5,500 to more than \$20,000 per claim plus three times the amount of damages the State sustains as well as fees and costs for any action brought by the State. Penalty amounts are adjusted periodically for inflation.

The Illinois Attorney General may bring an action against an individual for violation of the Illinois False Claims Act. In addition, individuals with actual knowledge of false claims violations may file suit on behalf of the State.

Like the Federal False Claims Act, the Illinois False Claims Act bars retaliatory actions against individuals who take lawful actions in support of a false claims act complaint.

### **North Carolina**

The North Carolina False Claims Act–N.C.G.S §§1-605 through 617 states that any party shall be liable to the State for up to three times the amount of damages that the State sustains from any person who:

- i. Knowingly presents or causes to be presented a false or fraudulent claim for payment or approval;
- ii. Knowingly makes, uses, or causes to be made or used, a false record or statement material to a false or fraudulent claim;
- iii. Conspires to commit a violation of this provision;
- iv. Has possession, custody, or control of property or money used or to be used by the State and knowingly delivers or causes to be delivered less than all of that money or property;
- v. Is authorized to make or deliver a document certifying receipt of property used or to be used by the State and, intending to defraud the State, makes or delivers the receipt without completely knowing that the information on the receipt is true;
- vi. Knowingly buys, or receives as a pledge of an obligation or debt, public property from any officer or employee of the State who lawfully may not sell or pledge the property;
- vii. 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 State, or knowingly conceals or knowingly and improperly avoids or decreases an obligation to pay or transmit money or property to the State;

Any party who commits any of these acts shall also be liable to the State for the costs of a civil action and shall be liable to the State for a civil penalty up to \$11,000 per violation in addition to three times the amount of damages sustained by the state due to that party.

A private person can bring a civil action for violations of the North Carolina’s False Claims Act on behalf of the State. The private person is entitled to between 15-30% of the proceeds recovered and collected in the action, plus reasonable expenses, attorney’s fees, and costs of the case.

Like the Federal False Claims Act, the North Carolina False Claims Act bars retaliatory actions against individuals who take lawful actions in support of a false claims act complaint.

Additional information relating to protections available under the Federal, Illinois and North Carolina false claims acts is provided in the MHN Employee Handbook, and in the MHN Compliance Policies & Procedures.

If an individual has questions about how to handle a situation or has concerns that MHN is not living up to its commitments, MHN wants to be made aware of these issues. Speak to MHN’s Chief Compliance Officer, the President and CEO, or contact the MHN Compliance Hotline at 1.800.401.8004. Calls to the Hotline can be made anonymously, if you wish. You may also report compliance concerns via email, at [reports@lighthouse-services.com](mailto:reports@lighthouse-services.com). MHN prohibits retaliation against any employee for good faith reporting or participating in an investigation of a possible Code of Conduct violation.