



Week 7

Corporate Compliance, Fraud, and Abuse

Fraud and abuse are a threat not only to individual healthcare organizations, but also to the national healthcare system as a whole. In fiscal year 2016, the U.S. Department of Justice (DOJ) recovered about \$4.7 billion in settlements and judgments from civil cases involving fraud and false claims. Over half of that amount, \$2.5 billion, was from cases related to the healthcare industry (DOJ, 2016). Throughout the last decade, the media has often reported on major healthcare scandals. For example, in 2009, *60 Minutes* had an episode that described how Medicare was fraudulently billed \$60 billion for services or products that were never provided or delivered. The Centers for Medicare and Medicaid are required to pay claims within a short time period, either 15 or 30 days. The payment turnaround made it difficult to investigate false claims. However, the DOJ, the FBI, and several state's attorneys general have taken on investigating these claims. Medicare has taken steps to make enrollment more stringent so that phony companies are less likely to be able to commit fraud in the future (CBS News, 2009). Such cases of fraud cause great harm to the taxpayers, whose dollars go into a public trust to administer two of the largest direct health services programs in the world. However, it's the smaller cases of fraud that go almost unnoticed and not reported by the media that result in a similar degree of harm to the U.S. healthcare system.

Abuse, providing unnecessary services, and overbilling for services are also detrimental to the system of healthcare. As stated in Week 3, cases of fraud and abuse result in both criminal and civil charges. In the face of such large-scale corruption in 1991, the U.S. Sentencing Commission (USSC) adopted guidelines that provided rules and principles for the sentencing of organizations that commit fraud and abuse. Moreover, the Thompson Memorandum, otherwise known as *Principles of Federal Prosecution of Business Organizations*, established guidelines that U.S. attorneys can use in determining whether to bring an enforcement action against an organization (U.S. Sentencing Commission, 2015). These guidelines and principles have been updated in keeping with the changes in the corporate climate, with the latest proposed changes announced in late 2018 (U.S. Department of Justice, 2018). In response, leaders of healthcare organizations began to establish corporate compliance programs to prevent and mitigate the effects of fraud and abuse. The U.S. Department of Health and Human Services' Office of the Inspector

General (OIG), is responsible for disseminating compliance guidance to healthcare organizations.

As was discussed in Weeks 1 and 3, the environment of an organization can determine whether ethical behavior is encouraged or discouraged, and the leadership of the organization directly impacts the environment. Executives must go beyond fostering the right environment and establish policies and procedures to ensure that their organizations do not commit acts of fraud and abuse.

Be sure to review this week's resources carefully. You are expected to apply the information from these resources when you prepare your assignments.

References:

CBS News. (2009). Medicare fraud: A \$60 billion crime.

<https://www.cbsnews.com/news/medicare-fraud-a-60-billion-crime-23-10-2009/>

U.S. Department of Justice. (2015). U.S. States Attorney's Office, District of New Jersey: Compounding pharmacist sentenced to 20 months in prison for paying kickbacks for referrals, health care fraud.

U.S. Department of Justice. (2016). Justice Department recovers over \$4.7 billion from False Claims Act cases in Fiscal Year 2016. U.S. Department of Justice. (2018). Principles of Federal Prosecution of Business Organizations.

U.S. Sentencing Commission. (2015). Chapter eight: Sentencing of organizations. In *2015 guidelines manual*. Washington, DC: Author.

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Books and Resources for this Week

[Mayer, C. M. \(1995\). Preventing fraud and abuse fallout. *Healthcare Financial Management*, 49\(4\), 40, 42, 44.](#)

Link

McGreal, P. E. (2018). Corporate compliance survey. *Business Lawyer*, 73(3), 817–842.

[Link](#)

Osowski, B. (2012). Health care industry codes of conduct: A must have? *Journal of Health Care Compliance*, 14(5), 61-64.

[Link](#)

U.S. Department of Justice, Criminal Division, Fraud Section. (n.d.). Evaluation of corporate compliance program.

[Link](#)

Week 7 - Assignment: Assess Your Organization's Readiness for Corporate Compliance

Assignment

 Due August 4 at 11:59 PM

You will create a standard operating procedure (SOP) and checklist (as an appendix to the SOP) to assess an organization's readiness to adopt and implement corporate compliance. The organization you select can be your present healthcare organization, one you have worked for in the past, or a fictitious one. Review this week's resources for guidance on what should be included in the SOP and accompanying checklist. Approval would be given by the compliance officer in your organization (or the individual whose job responsibilities include compliance and enforcement).

Table 3. Sample SOP

(Company Name)

STANDARD OPERATING PROCEDURE

(name of this standard operating procedure)

Standard Operating Procedure No.	
Revision No:	

Original Date of Issue:	
Revision Date:	
Revised by:	
Approved by:	

Background: (What requirements will this standard operating procedure meet?)

Purpose: To provide instruction on ...

Related Standards and Procedures:

- List any related standards, good operating practices or other standard operating procedures.

Procedure:

- List the tasks step by step to provide instruction on how to perform this procedure.

Related Forms and documentation:

- List the forms pertaining to this procedure.

Records:

- List the records that will be kept as a result of this procedure.

Length: a minimum of 5 pages, including checklist as an appendix (not including title page and reference page).

References: Include a minimum of 3 scholarly resources to support the creation of the SOP and checklist.

Your presentation should demonstrate thoughtful consideration of the ideas and concepts presented in the course and provide new thoughts and insights relating directly to this topic. Your response should reflect scholarly writing and current APA standards.

