
Fraud, Waste and Abuse Policy

This Policy is Applicable to:

Priority Health

Reference #: 169

Version #: 9

Functional Area: Health Plan

1. Purpose

To ensure that Priority Health has a comprehensive program to prevent, detect and correct fraud, waste and abuse (FWA). In such cases of fraud, waste, and/or abuse, Priority Health may recover payments and costs incurred to the company from any improper health care practices and/or terminate its contract with the offending party. This policy applies to:

- Members
- Providers – medical, dental, behavioral health and pharmacy
- Employer Groups and Agents

2. Definitions

FOR COMMERCIAL, MEDICARE AND SELF FUNDED:

Fraud: Fraud means an intentional deception, misrepresentation, false statement(s) or false representation of material facts with the knowledge that the deception could result in unauthorized benefit or payment for which no entitlement would otherwise exist. These acts may be committed either for the person's own benefit or for the benefit of some other party. It includes any act that constitutes fraud under applicable Federal or State law.

Abuse: Abuse means practices that are inconsistent with sound fiscal, business or medical practices and result in an unnecessary cost to Priority Health or in reimbursement for services that are not medically necessary, violation of an agreement or certificate of coverage, or that fail to meet professionally recognized standards for health care. It includes member, employer group, agent or provider practices that result in unnecessary cost to the Priority Health.

Waste: Waste is generally defined as activities that unjustly enrich a person through the receipt of benefit payments but where the intent to deceive is not present; or is an attempt by an individual to obtain a benefit payment he or she does not deserve.

FOR MEDICAID:

Fraud: Intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to himself or some other person. It includes any act that constitutes fraud under applicable Federal or State law (42 CFR § 455.2)

Abuse: Provider practices that are inconsistent with sound fiscal, business or medical practices, and result in an unnecessary cost to the Medicaid program, or in reimbursement for services that are not medically necessary or that fail to meet professionally recognized standards for health care. It also includes recipient practices that result in unnecessary cost to the Medicaid program. (42 CFR § 455.2)

Waste: The overutilization of services or practices that result in unnecessary costs. Waste also refers to useless consumption or expenditure without adequate return.

FOR FEDERAL EMPLOYEES HEALTH BENEFITS (FEHB) PLAN

Fraud: Knowingly and willfully executing, or attempting to execute, a scheme or artifice to defraud any health care benefit program or to obtain (by means of false or fraudulent pretenses, representations, or promises) any of the money or property owned by , or under the custody or control of, any health care benefit program. Fraud can be committed by a contractor, a subcontractor, a large provider, a provider, and/or a FEHB beneficiary/enrollee. It includes any act that constitutes fraud under applicable Federal and/or state law.

Waste: Is the expenditure, consumption, mismanagement, use of resources, practice of inefficient or ineffective procedures, systems, and/or controls to the detriment or potential detriment of entities. Waste is generally not considered to be caused by criminally negligent actions but rather the misuse of resources. Waste can be committed by a contractor, a subcontractor, a large provider, a provider, and/or a FEHB beneficiary/enrollee.

Abuse: Includes actions that may, directly or indirectly, result in: unnecessary costs to the FEHB Program, improper payment, payment for services that fail to meet professionally recognized standards of care, or services that are medically unnecessary. Abuse involves payment for items or services when there is no legal entitlement to that payment and the provider has not knowingly and/or intentionally misrepresented facts to obtain payment. Abuse cannot be differentiated categorically from fraud because the distinction between “fraud” and “abuse” depends on specific facts and circumstances, intent and prior knowledge, and available evidence, among other factors. Abuse can be committed by a contractor, subcontractor, a large provider, a provider, and/or a FEHB beneficiary/enrollee.

3. Policy

- A. Priority Health is committed to the detection, prevention, investigation, and correction of potential health care fraud, waste and abuse and has established the Special Investigations Unit (SIU) to lead this effort through the administration of Priority Health’s FWA program.
- B. The FWA program applies to all Priority Health business including commercial plans, Medicare Advantage plans, Medicaid managed care plans, and Federal Employee Health Benefit Plans (FEHBP).
- C. The objective of Priority Health’s FWA program is to proactively protect our members, providers, business partners and others in the delivery of health care services as well as to protect the compliance and financial interests of the organization. In accordance with the FWA program,

- 1) The SIU will ensure measures are in place to prevent against FWA. These measures include but are not limited to education, training, information sharing and collaboration with our contractors and other health plans.
 - 2) The SIU will utilize various methods to detect potential FWA including but not limited to data analysis, data mining, medical record review and routine monitoring and auditing.
 - 3) The SIU will investigate potential cases of FWA in accordance with the FWA program and will implement corrective actions as appropriate.
 - 4) The SIU will partner with Priority Health's Pharmacy Benefit Manager (PBM) in the prevention, detection and correction of prescription FWA.
- D. Priority Health employees and contractors are responsible for reporting any potential or actual cases of fraud, waste and/or abuse using the various reporting mechanisms established in Priority Health. Reports may be made anonymously. Priority Health will not discriminate or retaliate against those who report suspicious activities in good faith or for those who cooperate with a SIU investigation.
- E. All activity reported pursuant to this Policy will be investigated by the SIU in accordance with Priority Health's FWA Program.
- F. Customers (members, providers, pharmacies, agents, and employer groups) who commit fraud and abuse may be terminated from Priority Health programs.
- G. Immediate action will be taken against any Priority Health employee suspected of committing fraud and abuse per the Professional Conduct Policy.
- H. Federal, state, and local agencies will be notified by Priority Health's General Counsel or designee, as appropriate, of relevant cases that warrant their consideration. Any such notifications will comply with the applicable state and federal privacy laws as well as the applicable regulatory and contractual requirements of the Medicaid, Medicare and FEHBP.
- I. Information requested by State and Federal agencies for investigations, audits, or evaluations will be reviewed and provided via Priority Health's Legal, Compliance or SIU Department . Priority Health will cooperate with State and Federal agencies as requested per our contractual obligations.

4. Revisions

January 1, 2003, August 16, 2004, July 21, 2005, April 29, 2008, March 31, 2009, March 25, 2016

March 16, 2018, March 13, 2020

Approved by corporate compliance committee 02/03/2022

5. References

Compliance Verification:

Annual evaluation

Reference Documentation:

Medicaid Contract

Medicare Regulations

FEHBP Contract

Provider Contracts

Priority Health Compliance Handbook

Code of Excellence

Fraud, Waste and Abuse Manual

Policies and Procedures:

<u>Policies:</u>	154	SIU Audit Policy
	155	SIU Policy
	6604	Professional Conduct
	92	Compliance Code of Excellence Policy
	167	Federal and State Laws related to Fraud, Waste and Abuse
	4884	Non-Retaliation Policy
	167	Federal and State Laws related to Fraud, Waste and Abuse

<u>Procedures:</u>	295	SIU Procedure
	294	SIU Audit Procedure
	300	Fraud, Waste and Abuse Procedure

J. Policy Development and Approval

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K. Keywords

Fraud abuse