

JEFFERSON REGIONAL MEDICAL CENTER

Medical excellence closer to home

December 1, 2006

Dear Jefferson Regional Medical Center Associate:

This letter provides information about the False Claims Act in accordance with the Federal Deficit Reduction Act of 2005. As required by 42 U.S.C. §1396a(a)(68), it is the policy of this organization to provide the following detailed information to all employees, contractors, and agents about federal and state False Claims Acts; and this organization's policies and procedures to detect and prevent fraud, waste, and abuse. This information is included in the Employee Code of Conduct and distributed to all contractors and agents.

The Federal False Claims Act, among other things, applies to the submission of claims by health care providers for payment by Medicare, Medicaid, and other federal and state health care programs. The False Claims Act is the federal government's primary civil remedy for improper or fraudulent claims.

It applies to all federal programs, from military procurement contracts to welfare benefits to health care benefits.

The Federal False Claims Act prohibits, among other things:

- Knowingly presenting, or causing to be presented, to the federal government a false or fraudulent claim for payment or approval.
- Knowingly making or using, or causing to be made or used, a false record or statement in order to have a false or fraudulent claim paid or approved by the government.
- Conspiring to defraud the government by getting a false or fraudulent claim allowed or paid.
- Knowingly making or using, or causing 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.

"Knowingly" means that a person, with respect to information, has actual knowledge of the information; acts in deliberate ignorance of the truth or falsity of the information; or acts in reckless disregard of the truth or falsity of the information; and no proof of specific intent to defraud is required.

The United States Attorney General may bring civil actions for violations of the False Claims Act. As with most other civil actions, the government must establish its case by presenting a preponderance of the evidence rather than by meeting the higher burden of proof that applies in criminal cases. The False Claims Act allows private individuals to bring "qui tam" (whistleblower) actions for violations of the Act.

If anyone has knowledge or information that any such activity may have taken place, they should notify his or her supervisor or call the Compliance Hotline (412-267-6333). Information may be reported to the Hotline anonymously. In addition, federal and state law and our policy prohibit any retaliation or retribution against persons who report suspected violations of these laws to law enforcement officials or who file "whistleblower" lawsuits on behalf of the government. Anyone who believes that he or she has been subject to any such retribution or retaliation should also report this to the Compliance Hotline.

The Program Fraud Civil Remedies Act of 1986 (PFCRA) authorizes federal agencies such as the Department of Health and Human Services (“HHS”) to investigate and assess penalties for the submission of false claims to the agency. The conduct prohibited by the PFCRA is similar to that prohibited by the False Claims Act. For example, a person may be liable under the PFCRA:

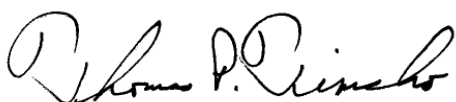
- for making, presenting, submitting, or causing to be made, presented, or submitted, a claim that the person knows or has reason to know is false, fictitious or fraudulent;
- that includes or is supported by any written statement that omits a material fact;
- that is false, fictitious or fraudulent as a result of such an omission;
- and is a statement in which the person making, presenting or submitting such a statement has a duty to include such material fact;
- or is for payment for the provision of property or services which the person has not provided as claimed.

If a government agency suspects that a false claim has been submitted, it can appoint an investigating official to review the matter. The investigating official may issue a subpoena to further the investigation, or may refer the matter to the Department of Justice for proceedings under the False Claims Act. If, based on the investigating official’s report, an agency concludes that further action is warranted, it may issue a complaint (following approval from the Department of Justice) regarding the false claim. A hearing would be held, following the detailed due process procedures set forth in the regulations implementing the PFCRA.

There can also be liability under state law for false or fraudulent claims with respect to Medicaid program expenditures, including: knowingly presenting, or causing to be presented, a false or fraudulent claim for payment or approval to the Medicaid program; knowingly making, using, or causing to be made or used, a false record or statement to get a false or fraudulent claim paid or approved by the Medicaid program; conspiring to defraud the Medicaid program by getting a false or fraudulent claim allowed or paid; knowingly making, using, or causing 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 Medicaid program. “Knowing” and “knowingly” means that a person, with respect to information: (a) has actual knowledge of the information; (b) acts in deliberate ignorance of the truth or falsity of the information; or (c) acts in reckless disregard of the truth or falsity of the information. Similar protections are available for whistleblowers under state law.

This information can also be accessed at www.jeffersonregional.com and on the JRMC Intranet site. Questions regarding the Jefferson Regional Medical Center policy *Providing Information About False Claims Act* may be directed to the Corporate Compliance Officer, Jefferson Regional Medical Center, P.O. Box 18119, 565 Coal Valley Road, Pittsburgh, PA 15236-0119.

Sincerely,



Thomas P. Timcho
President and Chief Executive Officer