

**PARTNERSHIP HEALTHPLAN OF CALIFORNIA
POLICY / PROCEDURE**

Policy/Procedure Number: CMP-07			Lead Department: Administration	
Policy/Procedure Title: False Claims Act			<input checked="" type="checkbox"/> External Policy <input checked="" type="checkbox"/> Internal Policy	
Original Date: 07/01/2007		Next Review Date: 03/05/2027 Last Review Date: 03/05/2026		
Applies to:	<input checked="" type="checkbox"/> Medi-Cal	<input type="checkbox"/> Healthy Kids	<input type="checkbox"/> Employees	
Reviewing Entities:	<input type="checkbox"/> IQI	<input type="checkbox"/> P & T	<input type="checkbox"/> QUAC	
	<input type="checkbox"/> OPERATIONS	<input type="checkbox"/> EXECUTIVE	<input checked="" type="checkbox"/> COMPLIANCE	<input type="checkbox"/> DEPARTMENT
Approving Entities:	<input type="checkbox"/> BOARD	<input checked="" type="checkbox"/> COMPLIANCE	<input type="checkbox"/> FINANCE	<input type="checkbox"/> PAC
	<input checked="" type="checkbox"/> CEO	<input type="checkbox"/> COO	<input type="checkbox"/> CREDENTIALING	<input type="checkbox"/> DEPT. DIRECTOR/OFFICER
Approval Signature: Sonja Bjork, CEO			Approval Date: 03/05/2026	

I. RELATED POLICIES:

- A. ADM-47 Administrative and Financial Sanctions
- B. CMP-09 Investigating & Reporting Fraud, Waste and Abuse
- C. CMP-27 Non-Intimidation & Non-Retaliation
- D. FIN 405 Treatment of Recoveries of Overpayments to Providers

II. IMPACTED DEPTS.:

All

III. DEFINITIONS:

- A. 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. Proof of specific intent to defraud is not required.
- B. Overpayment: means any payment made to a participating provider or subcontractor by Partnership to which the provider is not entitled to under Title XIX of the Social Security Act, including amounts identified as overpayments due to potential fraud, waste, or abuse as defined in 42 CFR §438.608(d).
- C. Partnership Workforce Member: For the purposes of this policy, “workforce member” is defined as a Partnership HealthPlan of California (Partnership) employee, volunteer, temporary personnel, intern, health care provider, subcontractor, delegate, and/or member of the Partnership Board of Commissioners employed by or acting on the behalf of Partnership.

IV. ATTACHMENTS:

N/A

V. PURPOSE:

The purpose of this policy is to inform Partnership’s workforce members and affiliates about certain federal and state false claims and whistleblower laws in compliance with the requirements of Section 6032 of the Deficit Reduction Act of 2005 (DRA), 42 USC Section 1396a(a)(68) and California Government Code §12650. This policy also supports compliance with 42 CFR §438.608 (Program Integrity Requirements for Managed Care) and DHCS APL 25-007 regarding enforcement actions, corrective action plans, and administrative or financial sanctions for identified claims, fraud, waste, or abuse.

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VI. POLICY / PROCEDURE:

A. Policy

1. In compliance with Department of Healthcare Services (DHCS) Contract 23-30236, Exhibit A, Attachment III, Provision 1.3.7(A), as a Managed Medi-Cal Plan that makes or receives annual payments under this contract of at least five million dollars (\$5,000,000), Partnership must ensure that its workforce members are provided with detailed information about the False Claims Act and other federal and State laws described in Section 1902(a)(68) of the Act, including information about rights of employees to be protected as whistleblowers. Partnership shall maintain written policies detailing FCA requirements and whistleblower protections made available to workforce members, subcontractors, delegates, and network providers, consistent with 42 CFR §438.608 and the Medi-Cal Managed Care contract.

2. State Law
 - a. The State of California has established the California False Claims Act as found in California Government Code §12650. The State of California Department of Justice False Claims Unit under the direction of the Attorney General works to protect the state against fraud and other financial misconduct through the enforcement of the California False Claims Act.
 - i. This permits the Attorney General to bring civil law enforcement action and civil penalties against any person who knowingly makes or uses a false statement or document to either obtain money or property from the State or avoid paying or transmitting money or property to the State.
 - ii. Violations of the Act involving the Medi-Cal program are investigated and prosecuted by the Attorney General’s Bureau of Medi-Cal Fraud & Elder Abuse.

3. Federal False Claims Act (FCA)
 - a. The Federal False Claims Act as contained in 31 U.S.C. § 3729-3733 is designed to both prevent and protect the U.S. Government from fraud. The FCA contains provisions including, but not limited to, prohibitions, enforcement, and financial incentive for individuals, known as relators or “whistleblowers”, retaliation and penalties.

4. Prohibitions
 - a. The FCA prohibits, among other things:
 - i. Knowingly presenting or causing to be presented to the federal government a false or fraudulent claim for payment or approval;
 - ii. 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.
 - iii. Conspiring to defraud the government by getting a false or fraudulent claim allowed or paid; and
 - iv. 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 repay an overpayment
 1. These prohibitions explicitly include attempts to conceal, avoid, or delay reporting overpayments as required under 42 CFR §438.608(d).

5. Enforcement
 - a. The Attorney General may bring civil law enforcement action to recover treble damages and civil penalties against any person who knowingly makes or uses a false statement or document to either obtain money or property from the government or avoid paying or transmitting money or property

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to the government. The False Claims Unit of the Corporate Fraud Section investigates alleged violations of the Act based upon referrals from state, federal and local agencies, tips from members of the public and qui tam complaints, otherwise known as whistleblower complaints.

6. Federal Law Whistleblower Provisions

- a. The FCA permits a private person with actual knowledge of false claims activity to file a civil lawsuit on behalf of the federal government. These are known as “qui tam” or “whistleblower” provisions of the FCA and contain detailed procedures for how to file such lawsuits. The purpose of a qui tam suit is to recover the funds paid by the federal government as a result of false claims.

7. Federal Law Protections Against Retaliation

- a. The FCA also protects employees from retaliation or discrimination in terms and conditions of their employment based on lawful acts of the employee done in furtherance of an action under the FCA. This applies to any employee who is discharged, demoted, suspended, threatened, harassed, or discriminated against in his or her employment as a result of the employee’s lawful acts in furtherance of a FCA.

8. Penalties

- a. Penalties for violating the FCA include up to three times the amount of damage sustained by the federal government, civil monetary penalties, and/or exclusion from federally funded programs. Federal law also contains criminal and administrative sanctions for false claims and statements that may be applicable to identified instances of health care fraud, waste and abuse. Note: Medi-Cal is both a federal and state funded program governed by the California Department of Health Care Services (DHCS). DHCS sanctions shall be imposed pursuant to DHCS All Plan Letter (APL) 25-007 and assessed for pass through to DHCS subcontractors, delegates, and/or network providers consistent with Partnership policy and procedure ADM 47 Administrative and Financial Sanctions

9. Partnership Notification regarding the False Claims Act Requirements:

- a. Partnership ensures workforce members and affiliate awareness of federal and state False Claims Act provisions and whistleblower protections by:
 - i. Making this policy available both internally and externally for review and when necessary, reference.
 - ii. Facilitating Partnership workforce member compliance training at the time of onboarding and annually thereafter to include FCA requirements
 - iii. Making available the applicable policies for monitoring claims and authorization for services and supplies to serve as the basic mechanism for detecting potential FCA violations.
 - iv. Maintaining documentation of FCA training and education provided to workforce members and subcontractors, available on DHCS request per 42 CFR §438.608.

B. Procedure

1. Reporting potential or actual False Claims violations

- a. In accordance with Partnership policy and procedure CMP-09 Investigating & Reporting Fraud, Waste, and Abuse, if a Partnership workforce member or affiliate suspects a potential or actual violation of any of the federal or state FCA requirements, a referral to Regulatory Affairs & Compliance (RAC) shall be made by:
 - i. Internal workforce: Completing the EthicsPoint RAC Intake Form (accessible through Partnership’s intranet, PHC4Me, or

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- ii. External parties: Completing a referral using Partnership’s Incident Reporting form (available on Partnership’s external website www.partnershiphp.org) and submitting the completed form by email to RAC_Reporting@partnershiphp.org, or
 - iii. By calling the toll-free Compliance Hotline number at (800) 601-2146, anonymously; or
 - iv. Contacting any member of Partnership management, RAC, or the Partnership Compliance Officer.

2. Investigation of potential or actual False Claim Act violations
 - a. Upon receiving a report of potential or suspected FWA, Partnership’s Compliance Officer, or designee will review the referral and conduct a preliminary investigation of the case. During the preliminary investigation, RAC may, when appropriate, review the case in collaboration with other Partnership units or executive leadership.
 - i. Partnership shall also notify and consult with state and federal regulatory agencies including, but not limited to, DHCS, Centers for Medicare and Medicaid Services, Office of Inspector General, and/or the Attorney General, as necessary to conduct a thorough review of all claims and/or requests for authorization of services and/or supplies by the entity under review.
 - b. As such and consistent with the 2024 DHCS Medi-Cal contract, Exhibit A, Attachment III, Provision 1.3.7 *Federal False Claims Act Compliance and Support*, Partnership shall fully cooperate in any investigation or prosecution conducted by the Office of the Attorney General, Division of Medi-Cal Fraud and Elder Abuse (DMFEA) and the US DOJ. Cooperation may include provision of information and records upon request, staff participation in interviews, consultation, grand jury proceedings, pre-trial conference, depositions, and hearings at DHCS.

3. Violations under the False Claims Act
 - a. If Partnership or any of the involved regulatory agencies concludes that a contracted entity under review is in a violation of the FCA , Partnership shall provide written notification to the entity describing the violation in detail and shall include:
 - i. Instructions to immediately cease and desist from further engaging in the practice;
 - ii. Detailed findings of violation with the False Claims Act;
 - iii. Reference to the applicable statutory, regulatory, contractual, Partnership policy and procedures, or other requirements that are the basis of the findings;
 - iv. Corrective action that may include the imposition of administrative or financial sanctions or penalties, up to the revocation of the contract;
 - v. Timeframes by which the organization or individual shall be required to achieve compliance, as applicable; and
 - vi. Indication that the activities cited in the notification may serve as a basis for referral to the appropriate regulatory authorities
 - b. In accordance with 42 CFR 438.608(8)(d) and processes established under Partnership policy and procedure FIN 405, Partnership shall promptly report to DHCS all overpayments identified or recovered due to potential fraud and shall pursue recoveries of any overpayments related to identified FWA activities.
 - c. In the case that a violation of the False Claims Act is founded, Partnership may, in addition to any recoupment of overpayment or civil penalties accessed by regulatory agencies, impose administrative or financial sanctions against the entity in violation and in accordance with Partnership policy and procedure ADM-47 Administrative and Financial Sanctions.

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- a. Consistent with the 2024 DHCS Medi-Cal contract, Exhibit A, Attachment III, Provision 1.3.7 *Federal False Claims Act Compliance and Support*, Partnership’s settlement or resolution of any sanction or recovery as a result of fraud, waste, and abuse is not binding on DHCS, DMFEA, or the US DOJ and does not preclude DHCS, DMFEA, or the US DOJ from taking further action.

4. Qui Tam Relators

- a. Partnership and its workforce members shall fully cooperate in actions brought by qui tam relators pursuant to 31 U.S.C. § 3730(b), to the extent such actions involve services rendered to Partnership members.
- b. Partnership’s subcontractors and delegates are specifically directed to comply with the prohibition on retaliating against qui tam relators. 31 U.S.C. § 3730(h). To the extent Partnership workforce members become aware of any retaliatory action toward a qui tam relator employed by a Partnership provider or supplier, reasonable efforts shall be undertaken to inform the employer of its statutory obligation to refrain from such actions.
- c. Workforce members and subcontractors must not retaliate against qui tam relators in accordance with 31 U.S.C. § 3730(h) and 42 CFR 438.608(e), and Partnership will report any suspected retaliatory actions to appropriate authorities.

VII. REFERENCES:

- A. Federal Deficit Reduction Act of 2005
B. U.S. Code: Title 31 § 3729-3733
C. 42 CFR §438.608 - Program Integrity Requirements for Managed Care
D. State of California Department of Justice False Claims Unit - <https://oag.ca.gov/cfs/falseclaims>
E. 2024 DHCS Medi-Cal contract, Exhibit A, Attachment III, Provision 1.3.7 *Federal False Claims Act Compliance and Support*,
F. DHCS All Plan Letter (APL) 25-007 - Enforcement Actions, Corrective Action Plans, Administrative & Monetary Sanction

VIII. DISTRIBUTION:

- A. California Department of Health Care Services
B. Provider Manual
C. PowerDMS
D. Directors

IX. POSITION RESPONSIBLE FOR IMPLEMENTING PROCEDURE:

N/A

X. REVISION DATES:

Medi-Cal

03/02/2010, 12/06/2011, 12/04/2012, 03/26/2013, 12/01/2015, 12/06/2016, 05/17/2017, 05/24/2018, 05/16/2019, 02/20/2020, 02/18/2021, 02/17/2022, 02/16/2023, 05/18/2023, 2/15/2024, 8/15/2024, 02/23/2025, 03/05/2026

PREVIOUSLY APPLIED TO:

Partnership Advantage:

CMP-07 - 07/01/2007 to 01/01/2015

Healthy Families:

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Healthy Kids

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