

**STATE OF CONNECTICUT  
DEPARTMENT OF DEVELOPMENTAL SERVICES**

**Policy No:** II A PO 002  
**Subject:** False Claims Act Policy  
**Section:** Administration

**Issue Date:** June 23, 2008  
**Effective Date:** Upon release  
Revised: June 9, 2009  
**Approved:** /S/ Peter H. O'Meara

**Commissioner**

**A. Purpose**

The Deficit Reduction Act ("Act") of 2005 is the federal government's legislative effort to control spending for entitlement programs, such as Medicaid. The Act seeks to control spending by reducing federal overpayments for prescription drugs and medical services, thereby improving the integrity of federally funded entitlement programs.

Section 6032 of the Act states that any entity, such as the Department of Developmental Services (DDS), which receives or makes payments under a state plan approved under title XIX or under a waiver of such plan, totaling at least \$5,000,000 annually is required to establish written policies providing detailed information about the False Claims Act ("FCA") and any state false claims laws to all DDS employees, contractors, qualified providers and agents. DDS is also required to establish and inform all employees, contractors, qualified providers and agents about DDS's policies and procedures for the detection and prevention of fraud, waste and abuse, the protection afforded to any person who reports an incident of a false claim to a regulatory body (Whistleblower Protection) as well as any civil or criminal penalties for false claims.

**B. Definitions**

Knowing and Knowingly: means that a person with respect to information 1) has actual knowledge of the information; 2) acts in deliberate ignorance of the truth or falsity of the information; or 3) acts in reckless disregard of the truth or falseness of the information.

Claim: means any request or demand, whether under a contract or otherwise, for money or property which is made by a contractor, grantee, or other recipient if the United States government provides any portion of the money or property which is requested or demanded, or if the government will reimburse such contractor, grantee, or other recipient for any portion of the money or property which is requested or demanded.

Entity: means a governmental agency, organization, unit, corporation, partnership or other business arrangement, including Medicaid managed care organizations, whether for profit or not-for-profit, which receives or makes payments, under a state plan approved under title XIX or under any waiver of such plan, totaling at least \$5,000,000 annually.

Employee: means any officer or employee of the entity, contractor or agent.

Contractor or Agent: means any contractor, subcontractor, agent, qualified vendor, consumer or family member who act as an employer or other person which or who, on behalf of the entity, furnishes, or otherwise authorizes the furnishing of, Medicaid health care items or services, performs billing or coding functions, or is involved in the monitoring of health care provided by the entity.

**STATE OF CONNECTICUT  
DEPARTMENT OF DEVELOPMENTAL SERVICES**

**C. False Claim Act**

The FCA prohibits any person, firm, corporation or entity from knowingly presenting or causing to be presented a false claim or statement to a federally funded program, including Medicaid, or conspires to defraud the federal government. Any person, company or entity that acts in deliberate ignorance of or with reckless disregard of the truth of such information is considered to have acted knowingly.

The civil penalty for violating the FCA is a fine of not less than \$5000 and not more than \$10,000. The person, company or entity could also be fined an additional three times the amount of damages sustained by the federal government. Additionally, the Program Fraud Civil Remedies Act (“PFCRA”) provides that any person or company that commits fraud by making a false statement or claim can be assessed a penalty of \$5000 per false claim or statement in addition to the penalties available under the FCA.

A person may bring a civil action for violating the FCA on behalf of the person and the United States government. If the federal government proceeds with an action brought by a person then that person shall receive at least 15 percent but not more than 25 percent of the proceeds of the action or settlement. If the federal government does not proceed with the action then the person bringing the action shall receive a reasonable amount, to be determined by the court, but not less than 25% and not more than 30% of the proceeds of the action or settlement.

The FCA prohibits retaliation by an employer against an employee for bringing a false claim action or participating in such action (Whistleblower Protection). Any employee subject to retaliation by an entity, contractor or agent shall be entitled to all relief necessary to make the employee whole, including but not limited to reinstatement, two times the amount of back pay, interest on back pay and special damages.

**D. State False Claim Related Acts**

Under Connecticut’s Vendor Fraud law it is illegal for a person on his own behalf or on the behalf of an entity, with intent, to fraudulently provide goods or services to a beneficiary or recipient under title XIX or to fraudulently receive goods or services. Connecticut law also prohibits any vendor from fraudulently providing services or goods for any recipient of General Assistance. The State Whistleblower law provides any employee who reports a suspected violation of state or federal law with protection against retaliation by the employer. State law also prohibits any person, corporation, state or political subdivision from blacklisting any employee.

In concert with the DDS False Claims Act Policy, suspicion of fraud, waste and abuse also includes the inappropriate or use of state assets as well as client personal funds for individuals under the care of DDS employees, as noted in CGS 4-33a and in Commissioner O’Meara’s June 12, 1998 memo concerning the loss reporting requirements under CGS 4-33a.

**E. Compliance Reporting**

All DDS employees, contractors and agents, qualified vendors, or consumers or family members who act as employers are required to report fraud, waste and abuse to: DDS Legal and Government Affairs or DDS Medicaid Operations, 460 Capitol Avenue, Hartford, CT 06106.

**STATE OF CONNECTICUT  
DEPARTMENT OF DEVELOPMENTAL SERVICES**

**F. References**

Section 6032 of the Deficit Reduction Act of 2005

31 U.S.C. Sections 3729-3733

C.G.S. Section 53a-290 Vendor Fraud

C.G.S. Section 4-61dd Whistleblower

C.G.S. Section 31-51m Blacklisting

C.G.S. Section 17b-127 General Assistance

C.G.S. Section 4-33a Illegal, irregular or unsafe handling of state or quasi-public agency funds

Memo, Commissioner O'Meara, "Loss Reporting Requirements Under CGS 4-33a"; June 12, 1998