

False Claims Act Compliance

(United States)



Cardinal Health

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Policy statement

Cardinal Health is committed to complying with all applicable federal and state laws, particularly those laws that are designed to address identified instances of healthcare fraud, waste and abuse. To that end, Cardinal Health is committed to complying with the U.S. Deficit Reduction Act of 2005 (“DRA”), including but not limited to establishing processes and procedures designed to detect and prevent healthcare fraud, waste and abuse and providing information to all employees, contractors and agents about federal and state False Claims Acts.

A. Federal False Claims Act

The U.S. False Claims Act is a federal law that imposes liability on persons and companies who make false claims for payment to the federal government. Many states have similar laws as discussed below. The scope of the False Claims Act and the definition of a false claim have been expanded over time. Today, any false statement that is material to a claim can be actionable and liability has been expanded to knowingly failing to repay an overpayment.

1. Prohibitions

The False Claims Act prohibits, among other things:

- a. knowingly presenting or causing to be presented to the federal government a false or fraudulent claim for payment or approval;
- b. 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;
- c. conspiring to defraud the government by getting a false or fraudulent claim allowed or paid; and
- d. 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.

2. Definitions

“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. No proof of specific intent to defraud is required.

3. Enforcement

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” actions for violations of the Act.

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4. Penalties

Penalties for violating the False Claims Act include up to three times the amount of damage sustained by the federal government, civil monetary penalties of between \$11,181 and \$22,363 per false claim, and/or exclusion from federally funded programs.

B. State law

A growing number of states have false claims acts that are either identical or similar to the federal False Claims Act. Those statutes typically allow individuals to bring issues to the attention of the state government and possibly share in a portion of any recoveries. These laws also protect employees from retaliation or discrimination in the terms and conditions of their employment based on lawful acts done in furtherance of an action under the state false claims acts. A number of states also have statutes which impose civil and/or criminal penalties for fraud against state healthcare programs, including Medicaid. Additionally, a number of states provide for administrative penalties in cases of fraud against the Medicaid program. Finally, most states have criminal provisions of general application that prohibit fraud, larceny, and false statements to government agencies that may be applicable in addressing healthcare fraud, waste, and abuse.

Reporting obligations

To ask a question, seek guidance or raise a concern about a fraud, waste, or abuse issue contact your manager or follow the procedures in the [Reporting obligations policy](#). Anonymous reporting is permitted. Cardinal Health will not discharge, demote, suspend, threaten, harass or in any other manner retaliate against an employee based on that employee raising a concern in good faith about any actual or suspected misconduct or other risks to the business. Reports of suspected retaliation should be made to the Ethics and Compliance department or the Business Conduct Line. See the [Reporting obligations policy](#).

Scope This policy applies to Cardinal Health, Inc., its divisions and majority-owned or controlled subsidiaries in the United States.

Original effective date

July 19, 2007

Date last revised

August 23, 2018

Responsible party The Cardinal Health Chief Legal and Compliance Officer is responsible for administering and amending this policy.

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Additional information

Internal references

The following internal documents and resources relate to this policy:

Title	Type
CMS Compliance Training	Policy
Delegated Entity Identification & Oversight	Policy
Establishment and application of Cardinal Health policies	Policy
Interactions with Customers and Healthcare Professionals (HCPs)	Policy
Interactions with Vendors	Policy
<i>Reporting obligations</i>	Policy
<i>Standards of Business Conduct</i>	Reference