

NWF Health Network Policy & Procedure

Series: 1300: Financial Management

Policy Name: Fraud and Abuse Prevention Plan

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Policy

In order to establish a method of identifying and assessing fraud and abuse risk and when possible, developing ways to reduce the risk the Board Of Directors and management of NWF Health Network, Inc. (NWFHN), accept the responsibility of designing and implementing effective systems and procedures for preventing, deterring, detecting, and investigating fraud. These systems and procedures are formalized in this fraud and abuse risk policy. It is the intent of NWFHN to promote consistent organizational behavior by providing guidelines and assigning responsibility for assessing fraud and abuse risk, developing controls and conducting any necessary investigations.

Procedure

A. Scope of Policy. This policy applies to any irregularity, suspected or real, involving employees and board members as well as consultants, vendors, providers, contractors, outside agencies and any other parties with a business relationship to NWFHN.

While irregularities do not in themselves prove fraudulent or abusive acts have occurred, they are often indicators that company policies are not being followed and therefore, all reported irregularities will be investigated. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position, title or relationship to NWFHN.

B. Definition of Fraud and Abuse.

1. "Fraud" is defined as an intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to him/herself or some other person. Typical acts of fraud include deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts and collusion. In general, each of these acts involves depriving someone of something of value by deceit. NWFHN considers fraudulent actions to include, but not be limited to:
 - a. Any dishonest or misleading act;
 - b. Misappropriation of funds, supplies or other assets;
 - c. Impropriety in the handling or reporting of money or financial transactions;
 - d. Disclosing confidential and proprietary information to outside parties;
 - e. Providing inappropriate authorizations or forged authorizations;
 - f. Misrepresenting unfinished work as being completed;
 - g. Altering documentation, providing untruthful statements or withholding information during the

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investigation of a case or irregularity;

- h. Seeking or accepting anything of material value from contractors, vendors or providers of services or materials to the company; Exception: gifts less than Fifty Dollars (\$50.00) in value that has been reported to senior management;
- i. Destruction, removal or inappropriate use of company records, furniture, fixtures and equipment; and/or
- j. Any similar or related action.

- 2. "Abuse" is defined as provider practices that are inconsistent with sound fiscal, business, or medical practices, and result in an unnecessary cost, or reimbursement for services that are not contracted for; or in the case of substance abuse and mental health services (SAMH) are not medically necessary or that fail to meet professionally recognized standards for health care.

C. Roles and Responsibilities in the Fraud and Abuse Prevention Process.

- 1. **Board of Directors.** This role is mainly that of fraud and abuse risk oversight, however this oversight also acts as a fraud and abuse deterrent. Their responsibilities include:
 - a. Evaluating management's identification of fraud and abuse risks, implementation of antifraud measures and creation of the appropriate "tone at the top" in regards to the ethical manner in which NWFHN conducts business and interacts with the community.
 - b. Reinforcing management's commitment to creating a culture of "zero tolerance" for fraud and abuse.
 - c. Reviewing management's level of fraud and abuse risk acceptance and the plan for managing fraud risk, for example, insurance policies, input from attorneys or other professionals, or special contract provisions.
- 2. **Finance Committee.** This role is also that of fraud and abuse risk oversight. Their responsibilities include:
 - a. Assessing management's efforts to reduce fraud and abuse risk.
 - b. Reviewing investigations of irregularities and any actions that resulted from the investigations.
 - c. Assisting in the evaluation of the effectiveness of internal controls.
- 3. **Independent Auditors.** This group also addresses the oversight role by:
 - a. Assessing the fraud and abuse risk policy.
 - b. Discussing openly and candidly with the finance committee and board of directors on the risk assessment process and internal controls.
- 4. **Senior Management.** This group fulfills the roles of fraud and abuse risk ownership, fraud risk tolerance and fraud risk management. For the purposes of this Policy, senior management is defined as the Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer. They are responsible for:
 - a. Accepting ownership and responsibility of all the fraud and abuse risks identified within the departments that report to them.
 - b. Determining the levels of fraud and abuse risk tolerance for different types of fraud risk.

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- c. Developing a plan to manage each type of fraud and abuse risk.
 - d. Communicating to their department managers their responsibilities to manage the fraud and abuse risks within their departments.
 - e. Creating a method to report fraud, abuse, and irregularities.
 - f. Setting an ethical tone that includes an attitude of “zero tolerance” for fraud and abuse.
5. **All Management.** This group’s role is fraud and abuse risk assessment and anti-fraud controls implementation. These responsibilities are:
- a. Assessing fraud and abuse risks within the company.
 - b. Providing input on the plan to manage fraud and abuse risk.
 - c. Implementing appropriate anti-fraud programs to reduce the identified fraud risks.
 - d. Evaluating the effectiveness of internal controls.
 - e. Building on senior management’s ethical tone.
6. **Employees.** This is the most important group, as employees are the first line of defense against fraud and abuse. To help prevent fraud and abuse employees need:
- a. Written policies that explain the NWFHN’s ethics and “zero tolerance” for fraud and abuse.
 - b. Encouragement to report irregularities.
 - c. Communication from management that anti-fraud programs are not a matter of distrust of employees, but one of protection for employees and NWFHN.

D. Fraud and Abuse Risk Assessment.

1. **Identify risk areas.** The NWFHN management team will meet to identify and assess fraud and abuse risks that the company may encounter. However, if a manager becomes aware of a new risk or an increase in the level of a pre-existing risk, they will immediately report this to senior management rather than wait for the next fraud risk assessment meeting.

Each month, the NWFHN team has a risk assessment meeting. The meeting includes discussions of risks to the agency and discussions on the changes that have occurred at NWFHN since the previous meeting including changes to:

- a. The manner in which we conduct business.
- b. The organizations we conduct business with.
- c. The services we provide.
- d. Our table of organization.
- e. Our system of internal controls.
- f. Our policies and procedures.
- g. Staffing levels and staff turnover.
- h. The reasons and manner in which our departments interact with each other.

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- i. Regulations and oversight.
 - j. The technology we use.
 - k. As considered necessary, the team will then consider how these changes affect the components of fraud:
 - i. Incentives and Pressures – have changes occurred that could increase someone’s perceived need to commit fraud?
 - ii. Opportunities – have changes made company assets more accessible for someone to misuse, or have any changes decreased our ability to prevent or detect fraud?
 - iii. Attitudes and Rationalizations – have changes occurred in the moral and ethical conduct of our employees or in our business partners’ perception of NWFHN that would make it easier for them to commit fraud?
 - l. Any new fraud and abuse risks or change to pre-existing fraud risks will be noted.
- 2. Access Scale of Risk.** Management will then determine the degree of each fraud and abuse risk based on two (2) factors.
- a. First, the probability that each risk could result in a significant fraud loss will be considered. Risk with a higher probability of a loss will usually require a higher degree of response.
 - b. Second, the impact of a potential fraud resulting from each risk will be gauged. Again, risk associated with a higher impact will usually require a higher degree of response. However, these factors must be considered jointly. For example, a fraud risk may have a low probability of occurring, but a huge impact if it were to occur.
- 3. Allocate Responsibility for Risk.** Following the risk assessment, senior management will identify which members of the senior management team will take ownership of each fraud and abuse risk. The owner of each risk will be responsible for developing a plan to manage the risk. Options include changes to insurance policies, company procedures, internal controls, business practices, staff, vendors or business partners.
- The senior management team will submit the fraud and abuse risk assessment and the fraud risk management plan to the board of directors for their approval. Once approved the senior management members will be responsible for communicating the fraud and abuse risk management plan to their department managers.
- 4. Identify Need for Revised Controls.** The need for new or adjusted internal control procedures will be evaluated for each significant fraud and abuse risk that is identified. Two (2) types of control procedures will be considered.
- a. *First*, process level controls will be examined and adjusted if necessary for fraud and abuse risks that involve a particular process. For example, fraud risk in the procurement process would require an evaluation of those controls. Are procurement duties adequately segregated? Are proper authorizations mandatory before placing an order? Would it be difficult for an individual to commit fraud by themselves without it being detected? If not the controls for the procurement process need to be improved.

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b. *Second*, environment level controls will be examined and adjusted if necessary for fraud risk that exist throughout the organization and can be addressed by promoting ethical behavior, deterring wrongdoing and promoting two-way communication between staff and management. A strong sense of ethics and a written code of conduct are examples of controls that can create an environment that reduces fraud risk.

5. **Implement Revised Controls.** Any necessary changes in internal controls will be implemented as soon as possible. All affected staff will be given adequate training on the new controls as well as an explanation on the need for the procedure. The affected policies manuals will also be updated as soon as possible to reflect any changes.

On rare occasion, an internal control procedure may require a management override. This must be done only out of absolute necessity and be immediately reported to senior management.

Frequent management overrides of control not only make the control ineffective, but also erode the control environment, by making it look to staff as though management does not take internal controls seriously.

6. **Monitor Implementation of Controls.** The senior management members that own the responsibility for fraud and abuse risks will monitor the progress of control implementation. They will report to the board of directors the progress or delays on implementing the controls. The risk owners will also be responsible for periodically verifying and documenting that the new controls are being utilized.

7. **Evaluate Effectiveness of Controls.** NWFHN management, the finance committee and the independent auditors will all assist in evaluating the effectiveness of internal controls. The effectiveness of the controls will be gauged on the control structure's ability to reduce fraud and abuse risk. Proof that the controls are being routinely utilized with low incidences of management overrides and reported irregularities indicate the controls are effective. Low utilization and evidence of irregularities or fraud and abuse are evidence that the controls are ineffective and need further adjusting.

The independent auditors will provide an object assessment of the internal control structure and this fraud and abuse risk policy. They will discuss these items directly to the audit committee, the finance committee (as appropriate) and the board of directors. The independent auditors' comments and suggestions will be incorporated into NWFHN's internal control and fraud and abuse risk policies as the board of directors deems necessary.

Control activities are designed to help prevent, deter, and detect fraud and abuse. NWFHN provider administrative, fiscal, and programmatic monitoring programs are the primary tools used to identify and test internal controls subcontracted providers have implemented. These tools include activities to determine if the provider's controls include claims edits and audits. Further, NWFHN's provider risk assessment includes subcontractor profiling to determine patterns of claims submission, credentialing, and re-credentialing to ensure appropriate level of clinical practitioner by service rendered.

8. **Fraud and Abuse Prevention and Detection Activities.** The procedures established in this policy are designed to prevent and detect potential or suspected fraud and abuse in the administration and delivery of services that may be subcontracted for. Some of these fraud and abuse prevention, deterring, and detection activities include the following:

- a. Monitoring and auditing provider utilization, invoicing, and billing to detect fraud and abuse;
- b. Investigating and pursuing fraud and abuse and other alleged illegal, unethical, or unprofessional conduct;

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- c. Reporting suspected fraud and abuse, and other related data, to state and federal agencies, in compliance with applicable federal and state regulations and contractual obligation;
- d. Cooperating with law enforcement authorities in the prosecution of healthcare fraud cases;
- e. Utilizing internal controls to help ensure payments are not issued to providers who are excluded or sanctioned;
- f. Making NWFHN Utilization Management manual and other relevant policies and procedures available to network service providers;
- g. Training employees in regards to NWFHN Employee Handbook.

9. Fraud and Abuse Investigation.

- a. NWFHN's fraud and abuse investigative protocol to investigate possible acts of fraud and abuse include, but are not limited to, the following topics:
 - i. Information for investigators regarding general investigation guidelines, conducting interviews, report writing, information disclosure, and law enforcement relations;
 - ii. The process to be employed when a suspicious claim is identified;
 - iii. The duties and functions of investigators.
- b. The quality and credibility of allegations or suspicious situations are assessed. Initial exposures and recovery potential are identified to determine if a case should be opened.
- c. Cases are prioritized pursuant to commonly accepted business practices and business objectives, as well as potential jeopardy to consumers.
- d. An investigative action plan/timeline is developed to guide the investigation. The action plan is periodically reviewed and revised as circumstances change.
- e. Relevant invoicing/billing data for the period in question is obtained and reviewed, and evidence is gathered to support data analysis and allegations.
- f. An investigative report or summary is prepared, within thirty (30) days of initial complaint or information received which summarizes the investigative findings, displays a comprehensive understanding of the facts and financial implications, and recommends a corrective action plan to include, reporting as appropriate, and follow-up.

10. Fraud and Abuse Protocol for Taking Corrective Action with a Subcontractor. If compliance with the recommendations from the monitoring or audit process is not met, one or more of the following actions will be taken:

- a. Automatic corrective action plan will be established;
- b. Recoupment of funds ties to the date span audited;
- c. Report findings to credentialing, licensing, and public bodies;
- d. Review participation in NWFHN network and for possible contract termination;
- e. Report findings to NWFHN attorney for review of legal issues, and when necessary to NWFHN

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Board of Directors;

- f. Human resources are to manage disciplinary process when internal NWFHN staff is involved;
- g. All providers that do not comply with NWFHN audit requirements will be reported to the Florida Department of Children and Families Office of Inspector General (OIG).

11. Corrective Action Plan. The NWFHN program quality assurance and fiscal departments coordinate with providers to develop and implement one or more of the following as part of the Corrective Action Plans:

- a. Plan to recover overpayments.
- b. Provider submission of a detailed Corrective Action plan.
- c. Continuous Quality Improvement Monitoring Program. The monitoring program may be for a period of time, established by NWFHN administrative staff, and involves additional monitoring/audits to ensure adherence to the submitted corrective action plan.
- d. Provider education or technical assistance as required.

12. Response of Fraud and Abuse or Reported Irregularities. NWFHN is committed to the highest possible standards of integrity, openness and accountability in all of its affairs. In line with that commitment, we strongly support our employees, business partners or members of the public to voice any concerns about observed irregularities or suspected fraud, abuse, or corruption. Senior management will quickly ensure any reported concerns are adequately investigated. Senior management will also quickly inform the finance committee of any reported concerns and then report the results of the investigations to the committee.

NWFHN encourages our staff to raise concerns within the company rather than overlooking a problem or raising the concern first to the media or other external bodies. Employees should report any irregularities to their supervisor. If they are not comfortable discussing the irregularity with their supervisor, employees can report it to any member of the senior management team.

Members of the public who suspect fraud, abuse, or corruption are encouraged to contact the Chief Executive Officer.

NWFHN recognizes that the decision to report a concern can be a difficult one to make. An individual may even fear reprisal from those responsible for the wrongdoing. In order to alleviate these concerns, the following safeguards will be used:

- a. The company will not tolerate any harassment or victimization and will take action to protect those who raise a concern in good faith.
- b. The company will do its best to protect an individual's identity when a concern is reported and the originator does not want their name disclosed. However, it must be understood that the investigation process may reveal the source of the information and a statement by the individual may be required as part of the evidence.
- c. The company encourages individuals to put their names to allegations. Concerns expressed anonymously are much less powerful, but they will be considered at the discretion of the company. In exercising this discretion, the company will consider factors such as, the

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seriousness of the issues raised, the credibility of the concern and the likelihood of confirming the allegation from attributed sources.

- d. If an allegation is made in good faith, but not confirmed by the investigation, no action will be taken against the originator. If however, an individual makes malicious or purely vindictive allegations, action may be considered against the individual making the allegation.
- e. Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position, title or relationship to NWFHN.
- f. Within five (5) working days of a concern being received, a member of the senior management team will write to the complainant:
 - i. Acknowledging the concern has been received.
 - ii. Indicating how it proposes to deal with the concern
 - iii. Giving an estimate of when a final response can be provided.
 - iv. Informing if any initial enquiries have been made.
 - v. Explaining if further investigation will take place, and if not, why not.

In compliance with the DCF SAMH Managing Entity (ME) Contract, NWFHN will refer suspected fraud and abuse to the DCF Substance Abuse and Mental Health Program Office and the Managing Entity Accountability Unit and/or designated entity as specified in NWFHN's Contract Attachment 1. Further, any identified fraud or abuse will also be included in the ME quarterly reconciliation report. Pursuant to DCF regulations, information regarding suspected fraud and/or abuse will be reported to DCF within two (2) business days of discovery. All cases being referred will contain documentation that clearly defines and supports the allegation of suspicious activity, including detection and reported dates.

NWFHN will cooperate fully with the Florida Department of Children and Families, and/or other law enforcement agencies in their prosecution or additional investigation of cases reported on behalf of NWFHN.

All reported irregularities and concerns will be investigated by NWFHN. Concerns that have the potential for uncovering material levels of fraud may also be referred to the police. The company will also seek legal advice if a significant fraud is suspected.

If a significant loss has occurred due to fraud, NWFHN will also seek legal assistance about recovering the loss from the perpetrator. The company would normally expect to recover costs in addition to losses.

- 13. Review.** This plan will be reviewed by management as considered necessary and will be submitted to the Board of Directors for approval if changes are considered necessary.