



HEALTH CARE ALERT

October 30, 2006

Deficit Reduction Act Deadline Is Approaching

The January 1, 2007 deadline for complying with the Deficit Reduction Act of 2005 is nearing. Two provisions may have a dramatic effect on your entity. The first provision requires entities that receive over five million (\$5,000,000) dollars in Medicaid funding to establish written policies covering federal and state false claims and whistleblower protection laws.

- The policies must include descriptions of the: 1) Federal False Claims Act; 2) the Department of Health and Human Services Program Fraud and Civil Remedies Act; 3) applicable state laws that impose civil or criminal penalties for false claims; and 4) whistleblower protection under these federal and state laws.
- The policies must include a description of the existing policies and procedures used to detect and prevent fraud, waste, and abuse.
- If an entity has an employee handbook, it must contain “specific discussions” of the federal and state false claims and whistleblower protection laws listed above, employees protected rights as a whistleblower, and the policies and procedures used to detect and prevent fraud, waste, and abuse.
- The entity must educate everyone, including employees, management, agents and contractors.
- The Centers for Medicare and Medicaid Services have stated that additional guidance on these requirements will be issued, but to date, this guidance has not been provided.

The deadline for entities is January 1, 2007.

The other relevant provision gives a 10% incentive to states that pass laws that have similar penalties as the Federal False Claims Act. States have until January 1, 2007 to enact new laws. As state laws are enacted, entities required to establish new policies must include descriptions of these new state laws.

Careful planning by affected entities will ensure that the deadline is met. Please let us know if you have any questions about the new requirements of the Deficit Reduction Act.

Additional Information

This Health Care Alert is a publication of Kutak Rock LLP and is intended to notify our clients and friends of current events and provide general information about health care issues. The Kutak Rock LLP Health Care Alert is not intended, nor should it be used, as legal advice.

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