

Select Medical Corporation

Supplement to False Claims Recoveries Policy for New Jersey Vendors

The Deficit Reduction Act of 2005 requires that we include in our False Claims Recoveries Policy a specific discussion of federal and state laws pertaining to false claims and whistleblower protections under such laws. Those federal laws are discussed in the False Claims Recoveries Policy. This supplement discusses those New Jersey laws for our New Jersey vendors. For a more complete understanding of these laws, please refer to the citations provided.

New Jersey Medical Assistance and Health Services Act (“NJ MA Act”). The NJ MA Act provides for criminal penalties for individuals and entities that engage in various types of fraud involving payments under the NJ MA Act, including: fraudulent receipt of payments or benefits (fine of up to \$10,000, imprisonment of up to 3 years, or both); false claims, statements or omissions, or conversion of benefits or payments (fine of up to \$10,000, imprisonment for up to 3 years, or both); kickbacks, rebates and bribes (fine of up to \$10,000, imprisonment for up to 3 years, or both); and false statements or representations about conditions or operations of an institution or facility to qualify for payments (fine of up to \$3,000, or imprisonment for up to 1 year, or both). In addition, a person or entity who commits a violation is subject to payment of interest and imposition of civil penalties, and may be disqualified from participating in the medical assistance program. See N.J.S. §§ 30:4D-7(h), 30:4D-17(a)-(i) & 30:4D-17.1(a).

Health Care Claims Fraud Act (“Claims Fraud Act”). The Claims Fraud Act imposes criminal penalties on licensed practitioners (such as physicians) and non-licensed persons who knowingly or recklessly commit health care claims fraud by submitting false claims to state-funded programs. The potential penalties for violation include time in jail, a fine of up to 5 times the pecuniary benefit involved, and suspension or revocation of a practitioner’s license. See N.J.S. §§ 2C:21-4.12 & 4.3 & 2C:51-5.

Conscientious Employee Protection Act (“Protection Act”). The Protection Act prohibits an employer from taking any retaliatory action against any employee because the employee reports (or threatens to report) to a supervisor or public body violations of law or the provision of improper patient care. An employer violating this law can be subject to an injunction by a court, a requirement to reinstate the employee, payment to the employee of lost wages and costs, punitive damages and civil fines. See N.J.S. §§ 34-19-1 et seq.

New Jersey False Claims Act (“NJFCA”). The NJFCA prohibits the knowing submission of false or fraudulent claims for payment from state government funds. Violation of the NJFCA can result in significant civil penalties, including interest on improper overpayments, triple damages, a penalty of \$5,500 to \$11,000 for each false claim, and exclusion of an individual or entity from participation in state-funded health care programs. A NJFCA action may be brought by the state Attorney General, an individual, or both. An individual who brings such an action, alone or with the Attorney General, may share in a portion of the proceeds recovered under any judgment or settlement. The NJFCA includes certain protections from retaliation by whistleblowers, including a prohibition on employers firing, disciplining, or otherwise penalizing an employee who reports potentially false claims. See N.J.S. §§ 2A:32C-1 to 17.