



Effective Date

December 12, 2011

**CORPORATE POLICY**

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Title: FRAUD, WASTE, AND ABUSE POLICY

**1. Purpose**

As a Company that does business with U.S. state and federal government health care programs (such as Medicare and Medicaid), Hill-Rom is required to maintain a system of policies and procedures designed to prevent or detect and correct unlawful activities. Government authorities, including the Office of Inspector General of the Department of Health and Human Services (“OIG”), which is responsible for identifying and eliminating fraud, waste, and abuse in federal health care programs, expect Hill-Rom and its employees to be honest and transparent in their business dealings with the government and with customers. Employees should also understand their rights and responsibilities to report potentially fraudulent practices to Hill-Rom’s Compliance Office and Legal Department, and to government authorities.

While Hill-Rom consistently endeavors to detect and prevent fraud waste and abuse in all of its business transactions and relationships, such efforts are afforded particular emphasis when third party payer transactions are involved. Thus, Hill-Rom maintains a long-standing and robust program for detecting and preventing fraud, waste, and abuse in its third party payer business – the Third Party Payer Compliance and Integrity Program (“the Program”).

Third party payer compliance refers to understanding and meeting the requirements and expectations of U.S. federal and state health care programs and other third party payers that pay for Hill-Rom products and services and that regulate our third party payer business. Employees should consult the Third Party Payer Compliance and Integrity Program Policy Manual (“TPP Compliance Manual”) or the Compliance Office for more information on the Program. The TPP Compliance Manual may be found on our intranet.

Hill-Rom’s Global Code of Conduct promotes strict compliance with all laws and regulations governing our business, including those related to the prevention of fraud, waste and abuse, throughout all of Hill-Rom’s businesses. The Global Code of Conduct and associated training provide more information on Hill-Rom’s efforts to combat fraud, waste, and abuse.

**2. Scope**

This Policy applies to all Hill-Rom employees and to all contractors working on Hill-Rom’s behalf in the U.S.; however, it is especially relevant in the case of our third party payer business in light of the nature and frequency of affiliated financial transactions, as well as the relationships between the parties involved.

**3. Definitions**

3.1 Contractors. For purposes of this Policy, the term “contractors” includes any contractor, agent, vendor, supplier, joint venture partner, or other business associate retained by

Hill-Rom or its subsidiaries to perform business activities on Hill-Rom’s behalf. Examples could include contract sales organizations, distribution agents, lobbying firms, advertising agencies, contract research organizations, and clinical advisors.

**4.     The Federal False Claims Act (“FCA”)**

4.1     Overview of Law. The False Claims Act, 31 U.S.C. §§ 3729, *et seq.*, is a federal anti-fraud statute that allows the U.S. government to recover monetary damages from parties who either file or cause the filing of fraudulent claims for payment by the federal government. In addition, the submission of false claims may also result in criminal penalties, including fines and/or imprisonment under 18 U.S.C. § 287. The FCA prohibits:

- knowingly presenting, or causing the presentation of, a false or fraudulent claim for payment or approval;
- knowingly making, using or causing to be made or used, a false record or statement material to a false or fraudulent claim;
- knowingly failing, or causing the failure, to return all federal government money or property;
- intentionally making and issuing a receipt to defraud the federal government without knowing that the information on the receipt is true;
- knowingly purchasing or receiving property from a federal official who is not authorized to sell or deliver the property;
- knowingly creating, using or causing to be made or used, a false record or statement material to an obligation to the government;
- knowingly concealing or knowingly and improperly avoiding or decreasing an obligation to pay or transmit money or property to the government; and
- conspiring to do any of the above.

4.2     Penalties. The FCA provides for penalties in the amount of \$5,500 to \$11,000 per false claim, as well as damages totaling up to three times the amount of loss caused by the false claims. Violation of the FCA also can be grounds for exclusion from participation in federal and state health care programs, such as Medicare, TRICARE, and Medicaid (*i.e.*, excluded companies and/or their individual employees are not permitted to engage in business with these programs).

4.3     Whistleblower Provisions of the FCA. The *qui tam*, or “whistleblower,” provisions of the FCA (and many state laws) allow private persons known as “relators,” to bring civil false claims actions on behalf of the government. Relators may be employees, contractors, agents, or any other person as long as they are the “original source” (*i.e.*, have direct and independent knowledge of non-public information on which the allegations are based) of information upon which the allegations of the false claims action is based. Suits cannot be

brought ten years after the date that the allegedly false claim was submitted. Such a lawsuit may be filed under seal, so as to maintain the confidentiality of the whistleblower. The lawsuit is then delivered to the government. The government will then investigate the allegations and may or may not choose to actually join the law suit (known as “government intervention”). If the government obtains a recovery, either through settlement or judgment, the relator(s) is entitled to a share in the damages (ranging from 15% to 30%) if certain requirements are met. A relator may also be able to recover reasonable expenses, including attorney’s fees and costs for bringing the lawsuit.

**5. Other Related Laws**

5.1 Federal Laws. Aside from the FCA, other federal laws prohibit Hill-Rom and its employees from submitting false claims to government programs or from making false or misleading statements to government representatives. For example, the Program Fraud Civil Remedies Act (“PFCRA”) (31 U.S.C. §§ 3801-3812) prohibits any person from submitting false or fraudulent claims or statements (including material omissions) for payment by the federal government. The PFCRA provides for penalties in the amount of up to \$5000 per false claim, as well as damages totaling up to two times the amount of loss caused by the false claims.

5.2 State False Claims Acts. Many states (and some municipalities) have also enacted their own false claims acts that generally follow the federal FCA. These include states in which Hill-Rom has offices – Indiana, Minnesota, and South Carolina. Further, recent changes in federal laws create incentives for states to enact false claims acts modeled after the FCA.

a. Connecticut Anti-Fraud Laws. Connecticut has enacted its own anti-fraud laws which, in some cases, may impose additional requirements on regulated industry, and provide for criminal and civil sanctions, as well as whistleblower protections for companies and individuals. As of the effective date of this Policy, those laws include:

- Criminal:
  - Conn. Gen. Stat. Sec. 53a-290 *et. seq.* (Vendor Fraud)
  - Conn. Gen. Stat. Sec. 53-440 *et. seq.* (Health Insurance Fraud)
  - Conn. Gen. Stat. Sec. 53a-118 *et. seq.* (Larceny)
  - Conn. Gen. Stat. Sec. 53a-155 (Tampering with or Fabricating Physical Evidence)

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- Conn. Gen. Stat. Sec. 53a-157b (False Statement Intending to Mislead a Public Servant)
  - Fraud:
    - Conn. Gen. Stat. Sec. 17b-25a (Toll Free Vendor Fraud Telephone Hotline)
    - Conn. Gen. Stat. Sec. 17b-99 (Vendor Fraud)
    - Conn. Gen. Stat. Sec. 17b-102 (Financial Incentive for Reporting Fraud)
    - Regs. Conn. State Agencies Sec. 17-83k-1 *et seq.* (Administrative Sanctions)
    - Regs. Conn. State Agencies Sec. 17b-102-01 *et seq.* (Financial Incentive for Reporting Vendor Fraud and Requirements for Payment for Reporting Vendor Fraud)
  - Whistleblower Protections:
    - Con. Gen. Stat. Sec. 4-61dd (Whistleblowing).
    - Conn. Gen. Stat. Sec. 31-51m (Protection of Employee Who Discloses Employer's Illegal Activities or Unethical Practices).
    - Conn. Gen. Stat. Sec. 31-51q (Liability of Employer for Discipline or Discharge of Employee on Account of Employee's Exercise of Certain Constitutional rights).
    - Regs. Conn. State Agencies Sec. 4-61dd-1 *et seq.* (Rules of Practice for Contested Case Proceedings under the Whistleblower Protection Act).
- b. *Other Relevant State Laws.* As of the date of this Policy, the OIG website reports that the OIG has reviewed model FCA legislation for 27 states. See [www.oig.hhs.gov/fraud/state-false-claims-act-reviews/index.asp](http://www.oig.hhs.gov/fraud/state-false-claims-act-reviews/index.asp) (last checked, November 15, 2011).



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5.3 Compliance with Anti-Kickback Statute and Hill-Rom Policy. As part of their commitment to comply with this Policy and the FCA, Hill-Rom employees and contractors must also comply with the guidelines under Hill-Rom’s Policy on Interactions with Health Care Providers and the federal Anti-Kickback Statute. Employees and contractors are prohibited from offering anything of value to a person with an intent to induce that person to purchase or recommend Hill-Rom products, if such products are reimbursable by federal health care programs (such as Medicare, Medicaid, or TRICARE).

5.4 Additional Information. For more information about federal, state, and municipal fraud, waste, and abuse laws can be found online at the OIG’s home page (<http://oig.hhs.gov>). Employees seeking more information about their rights or responsibilities under the FCA or other related laws may also contact the Legal Department or the Compliance Office.

**6. Non-Retaliation and Rights of Employees**

6.1 Non-Retaliation Policy. Hill-Rom prohibits retaliation against any individual as a result of good faith reports of illegal or unethical behavior. Thus, every employee (regardless of his or her position with the Company) or contractor is prohibited from discharging, demoting, suspending, or in any manner threatening, harassing, or discriminating against another employee who provides information about a violation of the law, the Global Code of Conduct, or any Hill-Rom policy. Moreover, the same prohibitions apply to any employee who assists in the investigation of any of the aforementioned types of violations, or participates in bringing or brings a lawsuit. A “good faith” belief means that an individual has earnestly raised an issue that he or she believes may be in violation of law or Company policy or procedure. “Good faith” does not mean that a reported concern must be correct, but it does require the employee to believe that he or she is providing truthful information

6.2 Protection for Employees Reporting Concerns. “Whistleblower” protection for employees is provided under various federal and state laws, and under Hill-Rom’s policies. In particular, the FCA provides for specific protections for employees who choose to report evidence of fraud to government authorities, and also provides penalties for employers that engage in retaliatory conduct. Whistleblower protections of the FCA, 31 U.S.C §3730(h), provide that employees and contractors who suffer discrimination or retaliation on the job because they took lawful action to prevent violations of the FCA may file a lawsuit for relief. An injured party is entitled to seek remedies such as reinstatement of position or seniority, twice the amount of any lost back pay, interest on lost back pay, compensation for special damages suffered because of such discrimination, litigation costs, and attorney’s fees.



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**7. Compliance Helpline**

7.1 Reporting Compliance Concerns. Hill-Rom has established internal compliance processes to allow for reporting and resolution of potential violations of law. Hill-Rom encourages employees to consult the Compliance Reporting and Non-Retaliation Policy on internal reporting procedures. Employees also may contact their supervisor or a member of the Compliance Office or Legal Department to report suspected violations. Hill-Rom takes reports of potential legal or policy violations very seriously, and Company policy requires the Compliance Office or its designee to conduct an appropriate investigation into each report.

7.2 Compliance Helpline. Hill-Rom maintains a toll-free compliance telephone line to enable individuals to disclose to the Compliance Office, or its designee, any identified issues or questions associated with Hill-Rom’s policies, procedures, practices, or conduct (the “Compliance Helpline”). The Compliance Helpline is run by an independent company and provides a confidential channel of communications through which employees may report suspected violations, to the extent permitted by local law. Telephone calls to the Compliance Helpline are answered at an external location and are fielded by non-Hill-Rom employees. Individuals making calls to the Compliance Helpline are not required to identify themselves, thereby allowing the reporting party to make calls while remaining anonymous, where permitted by local law. U.S. employees wishing to report suspected violations may contact the Compliance Helpline by dialing (866) 433-8442.

7.3 Anonymity; Confidentiality. Where allowed by local law, individuals may choose to make an anonymous report through the Compliance Helpline. The Compliance Office and its designee(s) shall make every effort to keep the fact of a report made under this Policy confidential and the individual making the report confidential to the extent possible, consistent with applicable law or fair process. There may, however, be circumstances in which, because of the nature of the report, it may be obvious who filed the report. In addition, because of the nature of the investigation, there may be circumstances where the Compliance Office or its designee may need to disclose the name of the reporter to an internal or external investigator.

**8. Business Arrangements with Contractors**

8.1 Requirements to Engage Contractor. Before retaining any contractor to assist Hill-Rom in any activity related to reimbursed activities, the following steps must be taken:

- a. Any Hill-Rom employee proposing a third-party engagement (the “Engagement Leader”) must provide a copy of this Policy to the contractor and explain that the contractor is expected to conduct its activities on Hill-Rom’s behalf in conformance with the letter and spirit of this Policy, the FCA, and applicable federal, state and local laws.



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- b. Prior to retaining the contractor, the Engagement Leader must also require the contractor to acknowledge and return the following documents:
  - i. Letter to Hill-Rom Vendors, Suppliers, and Subcontractors; and
  - ii. Vendor Acknowledgement of Receipt of Hill-Rom Fraud, Waste, and Abuse Policy and Certification Regarding Exclusion/Debarment
- c. The agreement between Hill-Rom and the contractor must provide that the contractor will notify Hill-Rom in writing immediately in the event that the contractor learns of any payment that the contractor believes: (i) exceeds the agreed-upon terms of the applicable agreement, (ii) could result in an overpayment being made by any local, state, or federal government program or contractor, or (iii) could result in inaccurate price reporting or invoicing to any local, state, or federal government program or contractor.
- d. Every agreement must also provide Hill-Rom with the right to audit the contractor's books and records with reasonable advance notice.

**9. Approvals**

Written by: Compliance Office

Approved by Corporate Responsibility Committee