Chapter 1  Managing Government Investigations ................................. 1

D. Jacques Smith & Brian D. Schneider

Q 1.1 How does a government False Claims Act investigation begin? ...... 2
Q 1.2 How does the government choose a target? ............................... 3
Q 1.3 How does the government use informal phone calls or requests for information? ................................................................. 3
Q 1.4 How does the government use subpoenas or Civil Investigative Demands? ................................................................. 4
  Q 1.4.1 How should a company respond to a government subpoena or Civil Investigative Demand? ........................................... 4
Q 1.5 How does an administrative subpoena differ from a grand jury subpoena? ................................................................. 5
Q 1.6 What is a trial subpoena? .............................................................. 5
Q 1.7 What is a search warrant? ............................................................. 6
Q 1.8 What other ways might the government seek information? ............ 6
Q 1.9 Should there be a dialogue with the government? .......................... 6
Q 1.10 Must the company produce documents? ..................................... 7
Q 1.11 What happens if the company fails to cooperate? ........................ 7
Q 1.12 What are the requirements to look for in a search warrant? ........... 7
Q 1.13 How should a company respond when a search warrant is executed? ................................................................................. 8
Q 1.14 What happens after a search is conducted? ................................. 9
Q 1.15 Does a grand jury investigation impose different obligations from a typical search warrant? ..................................................10
  Q 1.15.1 What is a target? ................................................................. 10
  Q 1.15.2 What is a subject? .............................................................. 10
  Q 1.15.3 Will the target be notified? ............................................... 10
  Q 1.15.4 What is a target letter? ....................................................... 10
  Q 1.15.5 Can a target testify at the grand jury? ................................. 11
Q 1.16 Are there often parallel criminal and civil proceedings and administrative actions? ..................................................11
Q 1.17 Who should handle the company’s internal response? .........................11
Q 1.18 What opportunities are there to discuss a subpoena with the government in order to clarify or narrow the requests?.........................12
Q 1.19 How should a corporation respond to the government’s request for information?.................................................................................................12
Q 1.20 What should a company do if a witness is requested? .....................13
Q 1.21 Should a company provide notice to its employees of the investigation?.................................................................................................13
Q 1.22 How can employees be trained to improve the response to a government request for information? .................................................................14
Q 1.23 Should employees have access to legal counsel?............................15
Q 1.24 Should a company employ legal counsel for its employees?.........16
Q 1.25 What is the company’s obligation to preserve documents?............17
Q 1.26 What are some other reasons to establish a document preservation protocol?.................................................................................................17
Q 1.27 What happens if the company destroys files requested by the government? ............................................................................................................18
Q 1.28 How should the company’s production efforts be memorialized?......18
Q 1.29 Where should a company look for documents? .............................18
Q 1.30 Do we need to produce original documents? ..................................19
Q 1.31 What are “hot documents” and how should they be handled?......19
Q 1.32 Who should review the production before it is turned over to the government? ............................................................................................................19
Q 1.33 How should a company produce the requested documents to the government? ............................................................................................................19
Q 1.34 What should a company withhold in its production to the government?.................................................................................................20
Q 1.35 Should a company conduct an internal investigation?.....................20
Q 1.36 What is the role of inside counsel in internal investigations? .........21
Q 1.37 How should the internal investigation begin? ..................................22
Q 1.38 How and when should employees be notified of the internal investigation? ............................................................................................................22
Q 1.39 How should witness interviews be handled? ..................................23
Q 1.40 In what order should interviews be conducted? .............................23
Q 1.41 Are there attorney-client privilege issues to be aware of when conducting employee interviews? .................................................................24
Q 1.42 Should the company hire an expert or investigator to assist with the investigation? ..................................................................................................................24
Q 1.43 Should a report of the internal investigation be made to management?.................................................................................................24
Table of Contents

Q 1.44 How should communication with the government be handled while an internal investigation is ongoing? ....................................... 25
Q 1.45 What is a joint defense agreement? ................................................... 25
Q 1.46 Is it a good idea to enter into a joint defense agreement? ............... 26
Q 1.47 What are some advantages and disadvantages of entering into a joint defense agreement? .................................................. 26
Q 1.48 How are joint defense agreements terminated? ........................... 26

Chapter 2 The Civil False Claims Act ........................................................ 29

D. Jacques Smith, David S. Greenberg & Brian D. Schneider

Q 2.1 What is the origin of the False Claims Act? ..................................... 31
Q 2.2 When did the False Claims Act become the federal government’s most powerful anti-fraud statute? .................................................. 31
Q 2.3 Have there been any recent amendments to the False Claims Act? ......................................................................................... 32
Q 2.4 Who is responsible for enforcing the False Claims Act? .......... 33
Q 2.5 Who are the defendants in False Claims Act litigation? ............ 35
Q 2.6 How are False Claims Act cases initiated? ...................................... 35
Q 2.7 How does a relator initiate a False Claims Act case? .................. 36
Q 2.8 How long does a False Claims Act case filed by a relator remain under seal (non-public)? ........................................................... 36
Q 2.9 What happens while a case is under seal? ....................................... 37
Q 2.10 What happens when the case is no longer under seal? ............... 37
Q 2.11 If the government intervenes, what happens next? ....................... 38
Q 2.12 If the government declines to intervene and take over the case, giving the relator the right to proceed on his or her own, what happens next? ......................................................................................... 38
Q 2.13 Can the government initiate a False Claims Act case on its own without a relator first bringing suit under the qui tam provisions of the Act? ......................................................................................... 39
Q 2.14 Do False Claims Act cases generally proceed all the way to trial? .......... 39
Q 2.15 What type of conduct gives rise to False Claims Act liability under the statute? ......................................................................................... 39
Q 2.16 What is “knowing” conduct under the False Claims Act? .............. 40
Q 2.17 What is a “claim” for the purposes of the False Claims Act? ........ 41
Q 2.18 What is an “obligation” for purposes of the False Claims Act? ....... 42
Q 2.19 What does the term “material” mean in reference to a false or fraudulent claim or an obligation under the False Claims Act? .......... 42
Q 2.20 What is the statute of limitations for filing a False Claims Act suit? ......................................................................................... 42
Q 2.21 What are some common False Claims Act legal theories applicable to the health care sector? .................................................................43
Q 2.22 What is a “factually false” claim? ...........................................................................................43
Q 2.23 How does False Claims Act liability accrue under the “false certification” theory of liability? ...........................................................................44
  Q 2.23.1 What is the “express false certification” theory under the False Claims Act? .................................................................44
  Q 2.23.2 What is the “implied false certification” theory under the False Claims Act? ..........................45
Q 2.24 What is the “worthless services” theory of False Claims Act liability? ..........................................................................................45
Q 2.25 What is a “reverse false claim”? ............................................................................................46
  Q 2.25.1 How can retaining overpayments from the Medicare and Medicaid programs lead to “reverse false claims”? ...........................................46
Q 2.26 Do conditions of participation provide a basis for a False Claims Act case? .................................................................47
Q 2.27 What is a “retaliation claim” under the False Claims Act? .................................................................48
Q 2.28 What damages can the government recover under the False Claims Act? .................................................................48
  Q 2.28.1 How are False Claims Act damages calculated? ........................................................................49
Q 2.29 How are False Claims Act penalties calculated? .............................................................................49
Q 2.30 When can a defendant be excluded from federal health care programs? .................................................................50
Q 2.31 What other penalties may be imposed? ....................................................................................50
Q 2.32 What are the largest civil awards (damages and penalties) recovered by the government under the False Claims Act from companies operating in the health care sector? ........................................51
Q 2.33 How are relators’ awards calculated under the False Claims Act? .................................................................52
Q 2.34 What are the grounds to dismiss a qui tam complaint? ........................................................................52
Q 2.35 What is a Rule 9(b) pleading defense? .....................................................................................53
Q 2.36 What does it mean to fail to state a claim under Rule 12(b)(6)? ..................................................53
Q 2.37 What is the False Claims Act’s public disclosure bar? ........................................................................54
Q 2.38 What is the False Claims Act’s first-to-file bar? .............................................................................55
Q 2.39 Are trials in False Claims Act cases common? .............................................................................55
Q 2.40 How do settlements occur in False Claims Act cases? ........................................................................56
Q 2.41 Are there other risks to consider when settling a False Claims Act case? .................................................................56
Q 2.42 Do state laws impose similar restrictions and risks? ........................................................................57
Q 2.43 What are some trends emerging from recent False Claims Act enforcement activity? .................................................................58
Table of Contents

Chapter 3  The Federal Anti-Kickback Statute.........................61

Nolan Young & Stephanie Trunk

Q 3.1  What is the Anti-Kickback Statute? .................................63
Q 3.2  What are the elements of an Anti-Kickback Statute violation?........65
  Q 3.2.1  What does it mean to act knowingly and willfully for purposes of the Anti-Kickback Statute? ..........65
  Q 3.2.2  What is remuneration? ........................................65
  Q 3.2.3  When does remuneration induce a referral? .........................68
  Q 3.2.4  What constitutes a referral? ..................................68
  Q 3.2.5  Does the Anti-Kickback Statute prohibit all payments to referral sources? ..........................69
Q 3.3  How does the Anti-Kickback Statute impact business relationships in joint ventures? .........................69
  Q 3.3.1  Why is the Anti-Kickback Statute so broad? .........................70
Q 3.4  Are there any exceptions to the general prohibition against payments to referral sources? .........................71
  Q 3.4.1  Does the Anti-Kickback Statute prohibit referrals by a hospital-employed physician to his or her employer hospital? .........................73
  Q 3.4.2  What if the physician is not employed, but provides services to the hospital as an independent contractor? ....75
  Q 3.4.3  Do leases for space or equipment rental violate the Anti-Kickback Statute? ..............................76
  Q 3.4.4  What is the investment interest safe harbor? .......................78
  Q 3.4.5  Can manufacturers and suppliers provide discounts or rebates to health care providers on product purchases without violating the Anti-Kickback Statute? ..............80
  Q 3.4.6  What other safe harbor protections apply? .......................81
Q 3.5  What are the potential sanctions for violating the Anti-Kickback Statute? ........................................82
Q 3.6  Can violations of the Anti-Kickback Statute form the basis of a civil action under the False Claims Act? ...............83
Q 3.7  Who enforces the Anti-Kickback Statute? ..............................85
Q 3.8  Are there state laws that impose Anti-Kickback Statute-like prohibitions? ........................................86
Q 3.9  What can health care providers do to ensure compliance with the Anti-Kickback Statute? ..........................88
  Q 3.9.1  Does the OIG offer guidance on specific arrangements that could implicate the Anti-Kickback Statute? ..........91
  Q 3.9.2  What specific steps can providers take to minimize Anti-Kickback Statute exposure? ..........................93
Q 3.10 What do I do if I believe an arrangement might implicate the Anti-Kickback Statute? .................................................................94

Q 3.11 What are the current hot topics in Anti-Kickback Statute enforcement? ........................................................................................................96

Q 3.11.1 What new government enforcement initiatives are aimed at combating health care fraud? .................................................................96

Q 3.11.2 Can the mere opportunity to generate business amount to an illegal kickback? ........................................................................100

Q 3.11.3 Could an equipment sublease which bases lease payments on business expected to be generated under the arrangement violate the Anti-Kickback Statute? ........100

Q 3.11.4 Does the government view overfill amounts required in the packaging of certain drugs as a potential remuneration under the Anti-Kickback Statute? ......................101

Q 3.11.5 Can the provision of specimen cups by a clinical laboratory to physicians violate the Anti-Kickback Statute? .................................................................101

Q 3.11.6 Can fee arrangements between an electronic health records vendor and health care providers violate the Anti-Kickback Statute? ....................................................102

Q 3.11.7 Can a transaction or arrangement that involves private pay ever implicate the Anti-Kickback Statute? ....................................................102

Chapter 4 Physician Self-Referral ("Stark") Law: Risks and Enforcement Concerns .........................................................................................109

Linda A. Baumann & Samuel C. Cohen

Q 4.1 What activities are prohibited by the Stark law? .........................112

Q 4.2 How can a health care provider or entity determine whether an arrangement violates the Stark law? .........................................................113

Q 4.2.1 Who is a physician for purposes of the Stark law? ..................114

Q 4.2.2 How is referral defined under the Stark law? ..........................114

Q 4.2.3 What are designated health services? .....................................115

Q 4.2.4 Who is an immediate family member of a physician? ...........116

Q 4.2.5 What is a financial relationship? ............................................116

Q 4.2.6 What is remuneration? ..........................................................117

Q 4.2.7 What is an entity furnishing designated health services? .......117

Q 4.3 What are the exceptions to the Stark law? ..................................118

Q 4.3.1 What exceptions apply to ownership or investment interests? .........................................................................................119

Q 4.3.2 What exceptions apply to compensation arrangements? .............119

Q 4.3.3 What exceptions apply to both ownership/investment interests and compensation arrangements? .................................................................120
| Q 4.3.4 | What are common requirements for exceptions to the Stark law? | 120 |
| Q 4.4 | Who is responsible for enforcing the Stark law? | 122 |
| Q 4.5 | Will CMS advise an entity regarding whether a financial relationship with a physician complies with the Stark law? | 122 |
| Q 4.6 | How does the Stark law differ from the federal Anti-Kickback Statute? | 123 |
| Q 4.7 | How important is Stark law compliance? | 123 |
| Q 4.8 | What types of policies, procedures, and other measures promote Stark law compliance? | 124 |
| Q 4.9 | How should an entity respond to a potential violation? | 127 |
| Q 4.10 | What is the Self-Referral Disclosure Protocol? | 127 |
| Q 4.11 | What are the potential penalties for violating the Stark law? | 129 |
| Q 4.12 | How has the Stark law been enforced? | 130 |
| Q 4.12.1 | What types of judgments have been entered against entities after trials for False Claims Act violations? | 130 |
| Q 4.12.2 | What types of settlements have been agreed to by entities facing False Claims Act allegations? | 131 |
| Q 4.12.3 | What other types of settlements have been reached? | 132 |
| Q 4.13 | Are future changes to the Stark law’s requirements likely? | 133 |

Chapter 5  HIPAA: Risks and Enforcement Concerns  137

Samuel C. Cohen, Thomas E. Jeffry Jr. & Jade M. Kelly

| Q 5.1 | What information does HIPAA protect? | 139 |
| Q 5.1.1 | When does health information identify the individual? | 140 |
| Q 5.2 | Who must comply with HIPAA? | 142 |
| Q 5.2.1 | When can a covered entity disclose protected health information to a business associate? | 143 |
| Q 5.3 | What legal obligations are imposed by HIPAA? | 143 |
| Q 5.3.1 | What is required by the Privacy Rule? | 143 |
| Q 5.3.2 | What are permitted uses and disclosures of protected health information? | 143 |
| Q 5.3.3 | What are an individual’s rights regarding protected health information? | 146 |
| Q 5.3.4 | What is required by the Security Rule? | 147 |
| Q 5.3.5 | What is required by the Breach Notification Rule? | 149 |
| Q 5.4 | What if a HIPAA requirement conflicts with state law? | 151 |
| Q 5.5 | How can a covered entity or business associate ensure compliance with HIPAA? | 153 |
| Q 5.6 | What are the necessary elements of an effective HIPAA compliance program? | 153 |
Q 5.6.1 What personnel must be appointed to oversee a HIPAA compliance program? .................................................................154
Q 5.6.2 What should be included in HIPAA compliance program policies and procedures? .........................................................155
Q 5.6.3 How should employees be trained to implement HIPAA requirements? .............................................................................155
Q 5.6.4 What harm mitigation policies should be included in a HIPAA compliance program? ..........................................................157
Q 5.7 How often do breaches of unsecured protected health information occur? ..................................................................157
Q 5.8 What are the most common causes of breaches? .........................................................................................................................158
Q 5.9 How should a covered entity or business associate respond to a potential breach? ..............................................................159
Q 5.10 When has a breach of unsecured protected health information occurred? ..............................................................................159
Q 5.11 What notifications must be provided in response to a breach? ..............................................................................................161
Q 5.12 How can a covered entity prove it has responded appropriately? ..........................................................................................163
Q 5.13 What other types of HIPAA violations frequently occur? ........................................................................................................164
Q 5.14 Is HIPAA compliance really something to worry about? .........................................................................................................164
Q 5.15 Who is responsible for enforcing HIPAA? ...............................................................................................................................165
Q 5.16 What are the civil penalties for violating HIPAA? .....................................................................................................................165
Q 5.17 What are the criminal penalties for violating HIPAA? ...............................................................................................................167
Q 5.18 How does the Office for Civil Rights investigate and resolve HIPAA violations? ..............................................................168
Q 5.18.1 How can the Office for Civil Rights force cooperation with an investigation? .................................................................170
Q 5.19 How does the Office for Civil Rights ensure HIPAA compliance other than through investigations? .................................171
Q 5.20 What types of enforcement actions have been taken by the Office for Civil Rights for HIPAA violations? ...............................171
Q 5.21 What enforcement actions have been taken by state Attorneys General? ................................................................................171
Q 5.22 What enforcement actions have been taken by the Department of Justice? ...............................................................................178
Q 5.23 Are future changes to HIPAA’s requirements expected to occur? .......................................................................................180

Chapter 6 U.S. Foreign Corrupt Practices Act and Related Laws .................................189
Peter V. B. Unger, Collin Seals & Joseph C. Mauro
Q 6.1 Who is subject to the FCPA? ..................................................................................................................................................191
Q 6.2 What practices are prohibited by the FCPA? ..........................................................................................................................191
Table of Contents

Q 6.2.1 Who is a foreign official under the FCPA? .........................192
Q 6.2.2 What is a payment under the FCPA? .................................192
Q 6.3 What affirmative requirements are imposed under the FCPA? ...193
Q 6.4 How is the FCPA relevant to the health care industry? ..........194
Q 6.5 What are the consequences of violating the FCPA? ...............195
Q 6.6 Are there any exceptions or defenses to the FCPA? ..............196
Q 6.7 What steps should a company take to limit FCPA liability? .........197
Q 6.8 What other anti-bribery laws may affect health care companies? ....199

Chapter 7 Managed Care Disputes and Litigation ..........................205

Caroline Turner English & David S. Greenberg

Q 7.1 Who are the key players in provider/payer disputes? .........207
  Q 7.1.1 What role does the patient play? .................................207
  Q 7.1.2 What is a “health care provider”? .................................207
  Q 7.1.3 What is a plan or payer? ..............................................208
  Q 7.1.4 With respect to group health plans, what are plan sponsors, fiduciaries, and administrators, and how do their roles differ? .........................................................208
  Q 7.1.5 What is a network? .......................................................210
  Q 7.1.6 What are “re-pricers”? .................................................211

Q 7.2 How is the legal relationship between the provider and payer created and defined? ..............................................................212
  Q 7.2.1 What is a patient intake process? .................................212
  Q 7.2.2 What is an assignment of benefits? ...............................212
  Q 7.2.3 What happens during the insurance verification process? ...213
  Q 7.2.4 What are the different kinds of legal relationships a provider could have vis-à-vis a payer? ........................................214
  Q 7.2.5 How do you know which body of law will apply to disputes between payers and providers? ............................215

Q 7.3 What is an Explanation of Benefits? ..................................216
  Q 7.3.1 What are typical types of disputes that arise upon receipt of an Explanation of Benefits? .............................217
  Q 7.3.2 What other types of disputes between providers and payers might arise, independent from an Explanation of Benefits? ........................................................................................................218
  Q 7.3.3 If a dispute arises, can (and should) a provider rush to court? .................................................................218

Q 7.4 What is ERISA? .................................................................218
Q 7.5 What is an ERISA plan? ......................................................219
Q 7.6 Is a health care provider recognized with standing under ERISA? ...219
Q 7.7 Does ERISA provide for a claims review or dispute resolution process? .................................................................220
Q 7.8 What is “administrative exhaustion”? .................................................220
Q 7.9 What types of information is a beneficiary or assignee entitled
to receive through the ERISA administrative claims process? ........220
Q 7.10 What are the types of claims that an assignee-provider
can bring under ERISA? ..............................................................................221
Q 7.11 Where are ERISA claims filed? .............................................................222
Q 7.12 Is there a right to a jury trial under ERISA? ...........................................222
Q 7.13 What is the standard of review on a claim for benefits? ..................222
Q 7.14 When can a provider bring fiduciary claims under ERISA? ...............222
Q 7.15 What is the remedy for a failure to produce plan documents? ..........223
Q 7.16 What is the remedy for a plan’s failure to provide full and
fair review of claims? ..................................................................................223
Q 7.17 Does a provider have to sue under ERISA or can it sue
under state law? ..........................................................................................224
Q 7.18 What types of plans or insurance policies are subject to
state law, as opposed to ERISA? ..................................................................224
Q 7.19 How do you know if you if you have a provider/insurer dispute? ....224
Q 7.20 What state laws govern health insurance policies? .........................225
Q 7.21 Are state insurance laws uniform? .....................................................225
Q 7.22 What types of state insurance laws bear on a provider/insurer
relationship? .................................................................................................225
Q 7.23 Will the Affordable Care Act play any role in a reimbursement
dispute between a provider and health insurer that is
otherwise governed by state law? ...............................................................226
Q 7.24 What types of legal processes are available in state
law–governed disputes between providers and
health insurers? ...........................................................................................226
Q 7.25 What are federal employee health benefits plans? .........................227
Q 7.26 What laws and rules govern the administration of
Federal Employee Health Benefits plans? ..................................................228
Q 7.27 How are disputes with Federal Employee Health Benefits
plans resolved? ..............................................................................................228

Q 7.27.1 What are the basic administrative procedures for
challenging an adverse benefit determination made
by an Federal Employee Health Benefits plan? ........................................228
Q 7.27.2 Can Federal Employee Health Benefits plan
beneficiaries file suit in court? .................................................................229
Q 7.27.3 What must be considered when filing a lawsuit
challenging an Federal Employee Health Benefits
plan’s benefit decisions? .............................................................................229
Q 7.28 How have class actions changed the dynamic of managed
care disputes? ............................................................................................230
| Q 7.28.1 | What is a class action lawsuit? | 230 |
| Q 7.28.2 | Are there recent trends in class action litigation that may impact managed care class actions? | 230 |
| Q 7.29 | What is the Ingenix class action litigation and how does it affect health care providers, insurers, and plans? | 231 |
| Q 7.29.1 | What is the genesis of the Ingenix litigation? | 232 |
| Q 7.29.2 | How was this discovered and what types of litigation resulted? | 233 |
| Q 7.29.3 | Have the Ingenix-related investigations and class action lawsuits been resolved? | 233 |
| Q 7.29.4 | What should health care providers and plans take away from the Ingenix litigation? | 234 |
| Q 7.30 | What is In re Managed Care Litigation? | 235 |
| Q 7.31 | What types of cases figure to be the “next wave” of significant managed care litigation? | 236 |
| Q 7.32 | Will the Affordable Care Act increase litigation between providers and insurers/plans? | 237 |

**Chapter 8 Antitrust and the Health Care Industry**

*Martin F. Cunniff & Brian D. Schneider*

| Q 8.1 | What are the primary antitrust statutes? | 242 |
| Q 8.2 | Who is covered by the antitrust laws? | 243 |
| Q 8.3 | Who enforces the antitrust laws? | 243 |
| Q 8.4 | What types of conduct are generally prohibited? | 243 |
| Q 8.5 | What penalties may apply? | 245 |
| Q 8.6 | Are certain types of conduct exempt? | 245 |
| Q 8.7 | What types of arrangements with competitors may violate the antitrust laws? | 246 |
| Q 8.7.1 | When can joint purchasing agreements violate the antitrust laws? | 247 |
| Q 8.7.2 | How do Accountable Care Organizations fit into the joint venture scheme? | 250 |
| Q 8.8 | What types of vertical arrangements with suppliers, buyers, or payers may violate the antitrust laws? | 251 |
| Q 8.9 | What types of conduct may constitute a group boycott? | 252 |
| Q 8.10 | How can exclusive contracts with physicians or practice groups violate the antitrust laws? | 253 |
| Q 8.11 | Are most-favored nation clauses legal? | 254 |
| Q 8.12 | What type of conduct could risk allegations of monopolization? | 255 |
| Q 8.13 | When are mergers problematic? | 256 |
Q 8.14 When can patents conflict with the antitrust laws? .................257
Q 8.15 What constitutes illegal price discrimination? .........................258
Q 8.15.1 When can discounts be provided? ..................................259
Q 8.15.2 Are any sales exempt? ..................................................259

Chapter 9 Laws and Regulations Governing Employment Relationships in the Health Care Industry ..................................263

Carla J. Feldman & Stewart S. Manela

Q 9.1 Is the exposure of health care employers to liabilities arising from employment any different from risks faced by all employers? .........................................................265
Q 9.2 What is the difference between an individual claim and a class action? ..........................................................................266
Q 9.3 Who is a “health care worker”? .............................................267
Q 9.4 Are all “health care workers” employees? ...............................268
Q 9.5 What government agencies have authority over employment-related matters? .................................................................269
Q 9.6 Are there recordkeeping requirements employers must follow? ...270
Q 9.7 What notice-posting obligations are imposed by federal laws? ....270
Q 9.8 What practices or decisions by health care employers may be the basis for legal claims or enforcement by government authorities? .........................................................271
Q 9.9 Are there rules or regulations governing recruitment of new employees? .................................................................271
Q 9.10 Are there limitations on the information employers can request from prospective applicants? .................................273
Q 9.11 Are there limitations on an employer’s ability to check an applicant’s references? .........................................................274
Q 9.12 Can an employer be liable for asking for information about an applicant’s health? .........................................................274
Q 9.13 What information should employers require relating to an applicant’s citizenship status? ..................................................275
Q 9.14 What rules apply if an applicant is not a citizen of the United States? .................................................................276
Q 9.15 When a new employee is hired, are they entitled to an employment contract? .........................................................277
Q 9.16 What is employment at will? ..................................................277
Q 9.17 Are there exceptions to the rule of employment at will? ..........278
Q 9.18 Are the company policies stated in an employee handbook or oral promises enforceable? ................................................278
| Q 9.19 | Are there rules and regulations that protect employee privacy? | 279 |
| Q 9.20 | Can employers be liable for the wages they pay to their employees? | 280 |
| Q 9.21 | What are the basic requirements of the wage and hour laws? | 280 |
| Q 9.22 | Is the FLSA the only law that regulates wages and hours? | 281 |
| Q 9.23 | When do claims of failure to pay overtime arise? | 281 |
| Q 9.24 | Are there any special rules that recognize the unique staffing requirements of health care employers? | 282 |
| Q 9.25 | Why do health care employers fail to pay overtime to employees who earned it? | 283 |
| Q 9.26 | What are some best practices that employers can follow to avoid wage and hour claims? | 283 |
| Q 9.27 | What federal agency enforces wage and hour laws? | 284 |
| Q 9.28 | How can employees challenge employment decisions? | 284 |
| Q 9.29 | How prevalent are discrimination charges against health care employers? | 285 |
| Q 9.30 | How long does an employee have to file a charge of discrimination? | 285 |
| Q 9.31 | If a charge of discrimination is filed, how is it handled? | 285 |
| Q 9.32 | What happens at the conclusion of an agency’s processing of a discrimination charge? | 286 |
| Q 9.33 | What is a collective bargaining agreement? | 286 |
| Q 9.34 | Who decides if employees will be represented by a union? | 287 |
| Q 9.35 | If employees are not represented by a union, are they protected if they engage in concerted activity? | 287 |
| Q 9.36 | Are there legal protections for employees who report misconduct by their employer or others? | 288 |
| Q 9.37 | What procedures exist for whistleblowers to complain about retaliation? | 288 |
| Q 9.38 | Are there safety standards that apply to health care employers? | 289 |
| Q 9.39 | How does OSHA enforce safety and health standards? | 290 |
| Q 9.40 | What happens during an OSHA inspection? | 290 |
| Q 9.41 | If OSHA issues a citation, what are an employer’s rights? | 291 |
| Q 9.42 | What is an employer’s obligation if an employee is injured on the job? | 291 |
| Q 9.43 | How does workers’ compensation insurance work? | 292 |
| Q 9.44 | Does a worker who is injured on the job have a right to return to work? | 293 |
| Q 9.45 | What is the Family and Medical Leave Act? | 293 |
Q 9.46 What agency enforces the Family and Medical Leave Act? ........294
Q 9.47 Can an employee sue alleging violations of the Family and
Medical Leave Act? .............................................................................294
Q 9.48 What is the Employee Retirement Income Security Act? ........295
Q 9.49 What is the Affordable Care Act? ....................................................295
Q 9.50 What benefits does the Affordable Care Act require an
employer to provide? ...........................................................................296
Q 9.51 Does the Affordable Care Act penalize non-compliant
employers? ..........................................................................................296
Q 9.52 Does the Affordable Care Act impose requirements other
than the obligation to provide insurance? ............................................297
Q 9.53 What is a covenant not to compete? ................................................297

Chapter 10 Credentialing and Privileging .............................................301

Erin L. Muellenberg & Collin Seals

Q 10.1 What is credentialing and privileging? ........................................304
Q 10.1.1 How do health care providers credential practitioners? ........304
Q 10.1.2 How do health care providers grant privileges to
practitioners? .........................................................................................305
Q 10.2 What are red flags in the credentialing process? ........................305
Q 10.3 Can applicants be denied medical staff membership? ..............308
Q 10.3.1 What is a “closed staff”? .............................................................308
Q 10.3.2 What is an “open staff”? .............................................................308
Q 10.4 What is the role of the National Practitioner Data Bank? ............309
Q 10.5 How are new procedures approved and privileges granted? ........309
Q 10.6 What is the purpose of reappointments? .......................................310
Q 10.7 Why do employed physicians have to go through
credentialing and privileging? ...............................................................310
Q 10.8 How are physicians decertified? ..................................................311
Q 10.9 What is an incomplete application? ..............................................311
Q 10.10 What is the Healthcare Quality
Improvement Act? ..................................................................................312
Q 10.10.1 What constitutes a reasonable belief that the action was
in furtherance of quality health care and reasonable
effort to obtain the facts of the matter? ..............................................313
Q 10.10.2 Why are a practitioner’s privileges legally protected? ............314
Q 10.11 Why is the Healthcare Quality Improvement Act important? ....315
Table of Contents

Chapter 11  Emergency Medical Treatment and Active Labor Act .....317
Lowell C. Brown & Sarah G. Benator

| Q 11.1  | What are the citations for the EMTALA statute and regulations? | 319 |
| Q 11.2  | Who is subject to EMTALA (or has some EMTALA responsibilities)? | 319 |
| Q 11.3  | What are the basic responsibilities under EMTALA? | 319 |
| Q 11.4  | What are the consequences for hospitals that fail to comply with EMTALA? | 320 |
| Q 11.5  | What are the consequences for physicians who fail to comply with EMTALA? | 320 |
| Q 11.6  | Are there private causes of action for an EMTALA violation? | 321 |
| Q 11.7  | Where does CMS publish its interpretation of EMTALA and provide additional guidance? | 321 |
| Q 11.8  | What does it mean to “come to the emergency department”? | 322 |
| Q 11.9  | What is “hospital property”? | 323 |
| Q 11.10 | What is a “dedicated emergency department”? | 323 |
| Q 11.11 | What is an emergency medical condition? | 324 |
| Q 11.12 | What is a medical screening examination? | 325 |
| Q 11.13 | What does it mean to stabilize an individual with an emergency medical condition? | 325 |
| Q 11.14 | What does it mean to have the “capability” to provide a medical screening examination and stabilizing treatment? | 326 |
| Q 11.15 | What does it mean for the hospital to have “capacity” to provide a medical screening examination and stabilizing treatment? | 326 |
| Q 11.16 | Where must a medical screening examination and stabilizing treatment be performed? | 326 |
| Q 11.17 | Who may perform a medical screening examination? | 327 |
| Q 11.18 | How does the law apply to minors? | 327 |
| Q 11.19 | When can a hospital register the individual and inquire about insurance? | 327 |
| Q 11.20 | What about patients who come to a dedicated emergency department, but are not seeking treatment for a potential emergency medical condition? | 328 |
| Q 11.21 | What if an individual presents to a hospital department that is not a dedicated emergency department and is not on the hospital’s main campus? | 328 |
| Q 11.22 | When do EMTALA obligations end? | 328 |
| Q 11.23 | What if a patient refuses a medical screening examination or stabilizing treatment? | 329 |
Q 11.24  What is a transfer? .............................................................329
Q 11.25  When can a hospital transfer a patient? .................................329
Q 11.26  What is an “appropriate transfer”? ........................................330
Q 11.27  What if a patient refuses a transfer? .......................................331
Q 11.28  Under what circumstances must a hospital accept a transfer? ....331
Q 11.29  What is a “specialized capability or facility”? ..........................331
Q 11.30  Do hospitals have to accept “lateral” transfers from other hospitals?........................................................................332
Q 11.31  How is “capacity” assessed? ..................................................332
Q 11.32  Does the hospital have to accept the transfer of an inpatient from another hospital? ......................................................332
Q 11.33  Does the receiving hospital have any reporting requirements? 332
Q 11.34  What are EMTALA’s basic requirements regarding call panels? 333
Q 11.35  What medical specialties must be present on a call panel? ....333
Q 11.36  What are the obligations of physicians who are on call? ....335
Q 11.36.1  What happens if an on-call physician fails to come to the hospital when asked? .............................................................335
Q 11.36.2  May a physician serve on more than one hospital’s call panel at once? ..........................................................................335
Q 11.36.3  May a physician see scheduled patients while on-call? ..........336
Q 11.36.4  May a hospital pay for physician service on the call panel? ....336
Q 11.36.5  May groups of hospitals establish community call panels? ....339
Q 11.36.6  May an on-call physician evaluate the patient through a telemedicine connection? ......................................................340
Q 11.36.7  May the hospital identify a physician group, rather than individual physicians, on the on-call panel? .........................341
Q 11.36.8  May an on-call physician send a physician extender (such as a physician assistant or nurse practitioner) to the emergency department in his or her stead? ...........................341
Q 11.36.9  May an on-call physician direct the dedicated emergency department to send the individual to his or her office or to another hospital, rather than the on-call physician coming to the dedicated emergency department to see the patient? ..............................................342
Q 11.36.10 May on-call physicians inquire about a patient’s payment or insurance status? .................................................................342
Q 11.36.11 Will an on-call physician’s failure to come to the emergency department always be deemed an EMTALA violation? ..........342
<table>
<thead>
<tr>
<th>Question</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q 11.37</td>
<td>Can the hospital exempt certain classes of individuals from call-panel participation?</td>
</tr>
<tr>
<td>Q 11.38</td>
<td>What kinds of policies does EMTALA require a hospital to have?</td>
</tr>
<tr>
<td>Q 11.39</td>
<td>What signage does EMTALA require a hospital to have?</td>
</tr>
<tr>
<td>Q 11.40</td>
<td>Are there reporting requirements in EMTALA?</td>
</tr>
<tr>
<td>Q 11.41</td>
<td>How do CMS and the OIG learn about potential EMTALA violations?</td>
</tr>
<tr>
<td>Q 11.42</td>
<td>What happens once CMS learns of a potential EMTALA violation?</td>
</tr>
<tr>
<td>Q 11.43</td>
<td>What is the purpose of a survey?</td>
</tr>
<tr>
<td>Q 11.44</td>
<td>What happens after the survey concludes?</td>
</tr>
<tr>
<td>Q 11.45</td>
<td>Does the hospital have an opportunity to submit additional information prior to CMS issuing a Statement of Deficiencies?</td>
</tr>
<tr>
<td>Q 11.46</td>
<td>If CMS finds that an EMTALA violation occurred, what determines whether it will begin a termination action?</td>
</tr>
<tr>
<td>Q 11.47</td>
<td>Can hospitals that violate EMTALA avoid termination from the Medicare program without having to submit to an administrative hearing?</td>
</tr>
<tr>
<td>Q 11.48</td>
<td>Can hospitals that violate EMTALA avoid or reduce a civil monetary penalty without having to submit to an administrative hearing?</td>
</tr>
<tr>
<td>Q 11.49</td>
<td>How can a hospital challenge the termination of its provider agreement and/or a civil monetary penalty?</td>
</tr>
<tr>
<td>Q 11.50</td>
<td>How can a hospital improve its compliance with EMTALA?</td>
</tr>
<tr>
<td>Q 11.51</td>
<td>How does EMTALA affect state laws?</td>
</tr>
<tr>
<td>Q 11.52</td>
<td>When should a hospital contact its attorney regarding EMTALA compliance?</td>
</tr>
<tr>
<td>Q 11.53</td>
<td>Are EMTALA requirements and sanctions ever waived?</td>
</tr>
</tbody>
</table>

**Chapter 12**  
**Fraud and Abuse Litigation in the Pharmaceutical Industry**

**Stephanie Trunk & Brian D. Schneider**

<table>
<thead>
<tr>
<th>Question</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q 12.1</td>
<td>What are some legal bases for lawsuits against pharmaceutical manufacturers related to alleged fraud and abuse?</td>
</tr>
<tr>
<td>Q 12.2</td>
<td>What does the Anti-Kickback Statute prohibit?</td>
</tr>
<tr>
<td>Q 12.2.1</td>
<td>What are the penalties for violating the Anti-Kickback Statute?</td>
</tr>
<tr>
<td>Q 12.2.2</td>
<td>What activities are exempt from the Anti-Kickback Statute?</td>
</tr>
</tbody>
</table>
Q 12.3  What does the False Claims Act prohibit? ........................................362
Q 12.3.1 Who can bring a lawsuit under the fraud and abuse laws? ........................................362
Q 12.3.2 What penalties may be imposed for violations of the False Claims Act? .........................363
Q 12.4  What does the Food, Drug and Cosmetics Act require and prohibit? .................................363
Q 12.5  Do state laws also raise fraud and abuse concerns? .........................................................363
Q 12.6  What fraud and abuse laws are implicated by the sales and marketing activities of pharmaceutical manufacturers? .........................................................364
Q 12.7  What types of sales and promotional practices can implicate federal and state anti-kickback laws? ............................................................365
Q 12.8  What guidance is available to manufacturers relating to fraud and abuse exposure stemming from sales and marketing activities? .........................................................365
Q 12.8.1 How can a manufacturer mitigate fraud and abuse exposure related to the provision of discounts? ........................................366
Q 12.8.2 How can a manufacturer mitigate fraud and abuse exposure related to consulting/speaker arrangements? ........................................366
Q 12.8.3 How can a manufacturer mitigate fraud and abuse exposure related to educational grants? ............................................................368
Q 12.8.4 How can a manufacturer mitigate fraud and abuse exposure related to the provision of gifts and meals? ........................................368
Q 12.9  What pricing issues create fraud and abuse concerns under Medicaid? ................................369
Q 12.10 What aspects of drug pricing may raise fraud and abuse concerns? ........................................370
Q 12.10.1 What risks arise out of reporting Average Wholesale Price? .....................................373
Q 12.10.2 What risks arise out of reporting Average Manufacturer Price and Best Price? .................374
Q 12.11 How do price reporting and pricing practices related to the Department of Veterans Affairs/Federal Supply Schedule program create fraud and abuse concerns? .........................................................376
Q 12.12 What are manufacturer-sponsored drug coupon programs? ............................................377
Q 12.13 What risks may arise from manufacturer-sponsored drug coupon programs? .......................378
Q 12.13.1 Has there been litigation involving coupon programs? ............................................379
Q 12.13.2 Is there any federal guidance addressing coupon programs? .........................................380
Q 12.14 What constitutes off-label promotion? ........................................................................380
Q 12.14.1 May a health care practitioner prescribe a drug for an off-label use? ...............................380
Q 13.9 Are the OIG’s implementing regulations identical to the Civil Monetary Penalty Law? ................................................................. 401
Q 13.10 What types of conduct may lead the OIG to seek Civil Monetary Penalties? ........................................................................ 402
Q 13.10.1 What types of conduct potentially constitute “false claims” under the Civil Monetary Penalty Law? ............................. 402
Q 13.10.2 How does the Civil Monetary Penalty Law differ from the False Claims Act? ................................................................. 403
Q 13.10.3 How can working with “excluded persons” get you in trouble under the Civil Monetary Penalty Law? .................... 403
Q 13.11 Are gainsharing arrangements a violation of the Civil Monetary Penalty Law? ................................................................. 403
Q 13.11.1 Does the Civil Monetary Penalty Law make a distinction between paying a physician to refrain from furnishing medically unnecessary services vs. paying a physician to refrain from furnishing medically necessary services? .... 404
Q 13.12 How does the OIG seek Civil Monetary Penalties? ........................................................................................................ 404
Q 13.13 Is a Civil Monetary Penalty proceeding criminal in nature? ....................................................................................... 404
Q 13.14 Can the imposition of Civil Monetary Penalties be appealed? ......................................................................................... 404
Q 13.15 For what kinds of violations is CMS authorized to assess Civil Monetary Penalties? .................................................. 405
Q 13.16 Has the Affordable Care Act expanded CMS’s ability to impose Civil Monetary Penalties? ............................................. 406
Q 13.17 Has HHS ever imposed Civil Monetary Penalties for a violation of HIPAA? ................................................................. 406

Chapter 14 Medicare Administrative Litigation .............................................. 409

Donald H. Romano, Melissa A. Hudzik & Brian D. Schneider

Q 14.1 What are the basic requirements to engage in a Medicare appeal? .................................................................................. 410
Q 14.2 What levels of appeal are generally available in the Medicare appeals processes? ............................................................. 410
Q 14.3 How is an Administrative Law Judge hearing requested? .... 411
Q 14.3.1 What can be expected at an Administrative Law Judge hearing? ............................................................................. 412
Q 14.3.2 Are witnesses permitted at an Administrative Law Judge hearing? ........................................................................... 412
Q 14.3.3 What happens at the pre-hearing conference? .............................................................................................................. 413
Q 14.3.4 What happens after the Administrative Law Judge hearing? ....................................................................................... 413
Q 14.4 What is the Departmental Appeals Board review process? ........ 413
Table of Contents

Q 14.5  When does the Medicare Appeals Council review an Administrative Law Judge’s decision? ............................................414
Q 14.6  Is judicial review available? ..................................................414
Q 14.7  What informal appeal rights exist? ........................................415
Q 14.8  What is the time limit to file appeals? .................................416
  Q 14.8.1 When must appeals be filed for denied claims? ...............416
  Q 14.8.2 When must an appeal be filed for an Administrative Law Judge hearing? ..................................................417
  Q 14.8.3 What is the time limit to file suit? ..................................417
Q 14.9  Who bears the burden of proof in Medicare appeals? ...........417
Q 14.10 Is discovery generally available to appellants? ......................418
  Q 14.10.1 Which appeals processes permit the appellant to seek discovery? ..................................................418
Q 14.11 How is an Administrative Law Judge hearing conducted? ..........420
Q 14.12 How does a reopening differ from an appeal? ......................421
  Q 14.12.1 What is the time limit to request a reopening? ..................421
Q 14.13 Are National Coverage Determinations and Local Coverage Determinations appealable? ..................................................422
  Q 14.13.1 How are Local Coverage Determinations appealed? .........423
  Q 14.13.2 How are National Coverage Determinations appealed? .......424
  Q 14.13.3 Under what standard will an Administrative Law Judge review a National Coverage Determination or Local Coverage Determination appeal? ..................................................424
Q 14.14 What is the Provider Reimbursement Review Board appeals process? ..................................................424
  Q 14.14.1 How can a Provider Reimbursement Review Board decision be appealed? ..................................................425
Q 14.15 What is the process for a provider to appeal the termination of its provider agreement? ..................................................425
Q 14.16 How can a supplier appeal the National Supplier Clearinghouse’s determinations regarding a Medicare Supplier Number? ..................................................426
Q 14.17 What appeals are available to challenge a Quality Improvement Organization determination? ..................................................427
Q 14.18 What is the process for a Clinical Laboratory Improvement Amendments laboratory to appeal an initial determination? ......428
Q 14.19 What appeals are available to challenge a Medicare Geographic Classification Review Board determination? ..................429
Q 14.20 How does a hospital appeal the amount of its Electronic Health Record incentive payment award? ..................................................430
Q 14.21 What is the process for appealing Hospital Value-Based Purchasing Program awards? ..................................................431
Q 14.22 What appeals are available under Medicare Part D? ...............432
Q 14.22.1 What is the process for a Medicare Part D plan sponsor to appeal a contract termination, non-renewal of a contract, or immediate sanction? ................................................. 432
Q 14.22.2 How does a Medicare Part D plan sponsor appeal an initial determination regarding the imposition of a civil monetary penalty? ................................................................. 433
Q 14.22.3 How does a Medicare Part D enrollee request a redetermination or reconsideration of a Part D sponsor’s coverage determination? ................................................. 434
Q 14.23 What is the appeals process for Medicare Advantage enrollees? .... 434
  Q 14.23.1 What are the levels of appeals for Medicare Advantage appeals? ................................................................. 435
Q 14.24 What is the process for appealing Medicare Advantage contract determinations? ................................................................. 437
Q 14.25 What is the process for appealing Medicare Advantage intermediate sanctions? ................................................................. 438
Q 14.26 What is the process to appeal an exclusion from the federal health care programs or appeal a Civil Monetary Penalty assessed by the OIG? ................................................................. 438
Q 14.27 What appeal rights are available to practitioners and entities that have been sanctioned following a Quality Improvement Organization recommendation? ......................................................... 439
Q 14.28 What less-common appeals may be available? ......................... 440

Chapter 15 Patent Protection & Enforcement ........................................ 445

   Aziz Burgy & Stephen Yang

Q 15.1 What types of patents are relevant to the health care sector? ... 446
Q 15.2 How does one obtain a patent? ................................................. 447
Q 15.3 How are patents enforced? ...................................................... 447
Q 15.4 What is patent infringement? .................................................... 448
Q 15.5 Does owning a patent guarantee protection? ............................ 448
Q 15.6 Does the cost of patent litigation differ from typical civil litigation? ................................................................. 449
Q 15.7 How long can a patent litigation matter last? ........................... 451
Q 15.8 In which courts may patent disputes be litigated? .................... 451
  Q 15.8.1 Why would a company choose a U.S. District Court? ......... 451
  Q 15.8.2 Why choose the International Trade Commission? ............ 453
  Q 15.8.3 When are proceedings before the Patent Office? ............... 454
Q 15.9 How do initial pleadings (including the complaint) differ from other litigation? ................................................................. 454
Q 15.10 How does discovery differ from civil litigation? .......................... 455
Q 15.11 How will the court construe the scope of the applicable patent? .... 455
Q 15.12 Are patent cases often decided through summary judgment? .... 456
Q 15.13 What remedies are available in patent cases? ......................... 457
Q 15.14 What is Hatch-Waxman litigation? ........................................ 457
Q 15.15 How common is Hatch-Waxman litigation? ............................ 458
Q 15.16 How does Hatch-Waxman litigation differ from a typical patent case? ................................................................. 458
Q 15.17 How can a company protect employees’ development of valuable patent and IP rights? ....................................................... 459
Q 15.18 How can patents be managed if federal funding was used to invent the subject matter? .................................................... 460
Q 15.19 What are NPEs (non-practicing entities—otherwise known as "patent trolls") and what risk do they pose? .......................... 461
Q 15.20 What strategies may strengthen the ability to challenge a patent troll? ................................................................. 462
Q 15.21 How does licensing fit into dispute management? .................. 462

Chapter 16 Contractual Non-Compete and Confidentiality Clauses .... 467

Christian J. Scali & Elizabeth E. Hall Cary

Q 16.1 Are non-compete agreements governed by any laws? .............. 469
Q 16.1.1 What state laws regulate non-compete agreements? ............... 469
Q 16.1.2 What federal laws regulate non-compete agreements? .......... 470
Q 16.1.3 What professional health care organizations regulate non-compete agreements? ................................................................. 472
Q 16.2 Are non-compete agreements permissible in every state? ........ 473
Q 16.3 Are non-compete agreements in the health care industry viewed differently from those in other industries? ................ 473
Q 16.4 Who can be subject to a non-compete agreement? ................. 475
Q 16.5 How do the courts generally construe the applicability of non-compete agreements? ................................................................. 475
Q 16.6 What types of conduct violate a non-compete agreement? ....... 476
Q 16.7 Is any type of conduct exempt from non-compete agreements? .... 478
Q 16.8 How do courts determine whether a non-compete agreement is lawful? ................................................................. 478
Q 16.8.1 How do courts determine whether timing is reasonable? ...... 479
Q 16.8.2 How do courts determine whether geographical restrictions are reasonable? ................................................................. 480
Q 16.8.3 How do courts determine whether an employee subject to a non-compete has been unreasonably injured by it? ..... 481
Q 16.8.4 How do courts determine whether a non-compete agreement is necessary? .......................................................... 481
Q 16.8.5 How do courts determine whether the public’s interest in the employee’s inability to practice should overcome enforcement of the non-compete? ........................................... 482
Q 16.9 What are the cross-border implications of non-compete agreements? ........................................................................................................... 483
Q 16.10 What are some circumstances in which non-compete agreements are enforceable? .................................................................................................................... 483
Q 16.11 What are some circumstances in which non-compete agreements are unenforceable? ........................................................................................................................................ 484
Q 16.12 How are non-compete agreements enforced or challenged? ................................................................................................................. 484
Q 16.13 What penalties may apply if a party violates a non-compete agreement? .................................................................................................................. 485
Q 16.14 How do courts handle a non-compete agreement that is only partially enforceable? .......................................................................................................................................... 486
Q 16.15 What laws regulate confidentiality agreements? ................................................................................................................................. 488
  Q 16.15.1 How does the Uniform Trade Secrets Act regulate confidentiality agreements? .......................................................................................................................... 488
  Q 16.15.2 How does the Computer Fraud and Abuse Act regulate confidentiality agreements? ................................................................................................................. 489
  Q 16.15.3 How does the Economic Espionage Act regulate confidentiality agreements? .................................................................................................................. 489
  Q 16.15.4 How does state common law regulate confidentiality agreements? .......................................................................................................................... 490
Q 16.16 Who can be held liable for violation of confidentiality laws? .......... 490
Q 16.17 Is there a time limit for enforcing a confidentiality agreement? ................................................................................................................................. 491
Q 16.18 Are confidentiality agreements in the health care industry viewed differently from those in other industries? ............................................................................................ 492
Q 16.19 Are certain types of conduct exempt from confidentiality agreements? ................................................................................................................................. 492
Q 16.20 What other laws could impact contracts with confidentiality agreements? .................................................................................................................. 492
Q 16.21 What is the scope of a confidentiality agreement? ................................................................................................................................. 493
Q 16.22 Is a confidentiality agreement enough to protect the company’s proprietary information? ................................................................................................................. 493
Q 16.23 How specific do confidentiality agreements need to be? .............. 494
  Q 16.23.1 How specific do confidentiality agreements protecting trade secrets need to be? ................................................................. 494
  Q 16.23.2 How specific do confidentiality agreements protecting other confidential information need to be? ................................. 495
Q 16.24 What types of conduct comprise misappropriation of trade secrets in violation of confidentiality agreements? ..........495
Q 16.25 What types of conduct comprise misappropriation of other confidential information in violation of confidentiality agreements? .................................................................497
Q 16.26 How are confidentiality agreements enforced? .................................................497
  Q 16.26.1 How are confidentiality agreements enforced under state law?..........................498
  Q 16.26.2 How are confidentiality agreements enforced under the Computer Fraud and Abuse Act?..........................499
  Q 16.26.3 How are confidentiality agreements enforced before federal agencies?..........................499
Q 16.27 What remedies may apply if a party violates a confidentiality agreement?........................................................................500
Q 16.28 Can a confidentiality agreement be enforced where a companion non-compete agreement is found unlawful? ..........501

Chapter 17 Elder Abuse and Quality of Care Issues in the Long-Term Care Setting..............................................................................511

Pamela Shu & Jonathon E. Cohn
Q 17.1 How can I avoid being sued in the first place? .........................512
Q 17.2 What are some signs that a lawsuit may be coming? ..................513
Q 17.3 What should I do if I receive a demand from the resident or their family member requesting a copy of their medical record?...........513
Q 17.4 The medical record is missing important entries. How does this affect my case? ...........................................................................513
Q 17.5 If I believe a lawsuit may be forthcoming, what can I do now to prepare? .......................................................................................514
  Q 17.5.1 What should I look for in choosing defense counsel? ........514
Q 17.6 If a lawsuit has just been filed, should I start investigating the allegations in the complaint? ..............................................................515
Q 17.7 Must I go to court? .............................................................................515
  Q 17.7.1 What does the mediation process entail? .................................515
  Q 17.7.2 What are some considerations to take into account in choosing a mediator? ..................................................................................515
  Q 17.7.3 When is an arbitration agreement enforceable? ....................516
  Q 17.7.4 The arbitration agreement was signed by the resident’s “responsible person.” Is that enough to make the agreement binding on the resident? ...........................................517
Q 17.7.5 Is arbitration “better” than going to court? .................................517
Q 17.7.6 If the trial court denies enforcement of the arbitration clause, do I have to go to court? ........................................518
Q 17.8 What can the facility do to challenge the allegations in the lawsuit? .................................................................518
Q 17.9 Can the facility cross-claim against the individual practitioner who actually provided the care at issue? ...............518
Q 17.10 How can I best protect the facility’s parent company from liability? .................................................................519
Q 17.11 What experts should I retain in defending the case? ..........................................................................................519
Q 17.12 What should I look for in hiring an expert? ........................................................................................................519
Q 17.13 Should I hire an independent nurse expert? .........................................................................................................520
Q 17.14 Is it necessary to have both physician and nursing experts? ....................................................................................520
Q 17.15 When should I retain the experts? ........................................................................................................................520
Q 17.16 What sort of information should I focus on in propounding discovery? .............................................................521
Q 17.17 What are some strategies to use in responding to the plaintiff’s discovery requests? ........................................521
Q 17.18 Should I settle even if I believe I have a strong case? ...............................................................................................521
Q 17.19 Is it ever preferable to agree to an exorbitant settlement rather than go to trial? .................................................522
Q 17.20 Is there a way to estimate how much it would cost to settle the case? .................................................................522
Q 17.21 Is there anything that I can do to encourage my insurance carrier to agree to a settlement within policy limits? ...523
Q 17.22 What factors are considered in determining settlement value? ............................................................................523
Q 17.23 If the plaintiff agreed to take care of Medicare and Medicaid liens, does this mean that the facility need no longer worry about these liens? .................................................................524
Q 17.24 Are plaintiffs motivated to settle? ........................................................................................................................524
Q 17.25 What are some indications that a case is not amenable to settlement? ...............................................................525
Q 17.26 What are some important clauses to include in a settlement agreement? ...........................................................525
Q 17.27 Is there a way to keep certain evidence or issues from being presented to the jury? ..............................................525
Q 17.28 Do I really need to have facility staff testify at trial? ...............................................................................................526
Chapter 18  Criminal Enforcement in the Health Care Sector ..........529

Mary Carter Andrues, Peter R. Zeidenberg & Jason D. Moore

Q 18.1 Who enforces the criminal laws governing the conduct of health care providers? .................................................................530
Q 18.2 How do federal criminal statutes apply in the health care sector? ......................................................................................532
Q 18.3 What are the primary criminal statutes applicable specifically to the health care industry? ............................................533
  Q 18.3.1 What is the Anti-Kickback Statute? .............................534
  Q 18.3.2 How can violations of the federal Food, Drug, and Cosmetic Act lead to criminal liability? .................................534
  Q 18.3.3 How can violations of the Health Insurance Portability and Accessibility Act lead to criminal liability? .................535
  Q 18.3.4 What other criminal statutes do prosecutors frequently utilize when prosecuting health care–related offenses? ....535
  Q 18.3.5 Can a person be held criminally liable for interfering with a government investigation? .........................................................536
  Q 18.3.6 What are the non-health-care-specific sources of criminal liability? .................................................................537
Q 18.4 Who investigates criminal violations related to health care? .....539
  Q 18.4.1 How do federal agencies coordinate health care–related investigations? .................................................................539
  Q 18.4.2 How do federal agencies investigate criminal violations related to health care? .................................................................541
Q 18.5 What is an administrative subpoena? .................................541
  Q 18.5.1 Who can issue an administrative subpoena? ................543
  Q 18.5.2 How are administrative subpoenas enforced? ...............544
Q 18.6 What is a grand jury subpoena? .............................................544
Q 18.7 If I don’t want to comply with a subpoena, can I ask a court to intervene? .................................................................545
Q 18.8 Are there any special considerations that arise when a health care provider or other HIPAA “covered entity” gets a subpoena for records? .................................................................546
Q 18.9 What other traditional law enforcement tools can investigators use in health care cases? .................................................................547
Q 18.10 How are grand jury investigations conducted? ..................549
Q 18.11 How are criminal charges filed? ........................................551
Q 18.12 What happens post-indictment? ...........................................552
Q 18.13 What types of penalties may be incurred for violations of federal criminal laws? .................................................................553
Chapter 19  Health Care Compliance .......................................................... 557  
   Nolan Young  
Q 19.1  What laws and regulations should compliance programs target? ......................................................... 559  
Q 19.2  What are the objectives of maintaining an effective compliance program? ...................................................... 560  
Q 19.3  Who should have a compliance program? ......................................................................................... 562  
Q 19.4  Are there other resources that providers and suppliers can look to while the government finalizes its regulations? ......................................................................................... 563  
Q 19.5  What are the characteristics of an effective compliance program? ................................................................. 564  
   Q 19.5.2  Does the compliance program have to be documented in writing? ....................................................... 565  
   Q 19.5.3  What are the functions of the compliance officer and compliance committee? ........................................... 565  
   Q 19.5.4  What is included in an effective compliance training and education program? ......................................... 568  
   Q 19.5.5  What are the objectives of the communication component of a compliance program? ................................. 569  
   Q 19.5.6  What steps should an organization take to monitor compliance and the effectiveness of its compliance program? ............................................................................................... 571  
   Q 19.5.7  What can an organization do to enforce its standards and deter misconduct? ............................................ 572  
   Q 19.5.8  How can an organization respond promptly to detected offenses and develop corrective action? .............. 573  
Q 19.6  How can an organization identify its particular risk areas? ................................................................. 573  
Q 19.7  What are the Affordable Care Act compliance requirements that are specific to skilled nursing facilities and nursing facilities? ......................................................................................... 574  
Q 19.8  What do I do if I identify a significant compliance concern? ................................................................. 576  

Chapter 20  E-Discovery ............................................................................ 581  
   Michael S. Cryan  
Q 20.1  What is electronically stored information? ......................................................................................... 582  
Q 20.2  When did parties become obligated to include electronically stored information in discovery in litigation? ......................................................................................... 583  
Q 20.3  What role does the party's document retention policy play in the discovery process? .............................. 584  
Q 20.4  What issues beyond e-discovery should be considered in setting retention policies? ........................................... 585  

liv
Table of Contents

Q 20.4.1 Who within the organization develops and applies document retention policies?..................................................585
Q 20.4.2 What types of outside assistance may be required to manage electronically stored information preservation?..................................................585
Q 20.5 What is a litigation hold?..........................................................586
Q 20.6 What is a “safe harbor”?..........................................................587
Q 20.6.1 What is the “routine” operation of an information system?......................................................................................587
Q 20.6.2 What is the “good faith” required for the safe harbor to apply?......................................................................................587
Q 20.7 What are the sanctions for a failure to preserve electronically stored information?..........................................................588
Q 20.8 What are the requirements for preserving electronically stored information?..........................................................589
Q 20.9 How do parties plan for discovery?..................................................589
Q 20.9.1 When do the parties hold the discovery planning conference?......................................................................................591
Q 20.9.2 What is prepared following the discovery planning conference?......................................................................................591
Q 20.10 How does a producing party review electronically stored information?..........................................................591
Q 20.10.1 What is a “quick peek” protocol?..........................................................592
Q 20.10.2 What is a “clawback” protocol?..........................................................592
Q 20.11 How is electronically stored information produced?..........................592
Q 20.12 How is a production supplemented with newly available information?..........................................................593
Q 20.13 How can HIPAA-protected information be managed in an electronically stored information production?..........................593

Chapter 21 Attorney-Client Privilege and Work Product Doctrine......595

Jennifer A. Fischer

Q 21.1 What is required for the attorney-client privilege to apply?...........596
Q 21.1.1 What is a communication?..........................................................597
Q 21.1.2 Whose communications may be privileged?..........................................................598
Q 21.1.3 Who qualifies as an attorney?..........................................................599
Q 21.1.4 Who qualifies as a privileged agent of the client and the lawyer?......................................................................................600
Q 21.1.5 When is communication between privileged parties considered to be “in confidence”?......................................................................................602
Q 21.1.6 What is considered “legal assistance”?..........................................................602
Q 21.1.7 What is the crime-fraud exception to the attorney-client privilege? ....................................................604
Q 21.2 What is the work product doctrine? .........................................................................................................604
Q 21.2.1 What constitute “documents and tangible things”? ........605
Q 21.2.2 What does it mean for work product to be “prepared by or for a party”? ........................................605
Q 21.2.3 What does it mean for the document to be prepared “in anticipation of litigation or trial”? ..............605
Q 21.2.4 When will a court order disclosure of otherwise protected work product? ........................................606
Q 21.3 Who may assert or waive the attorney-client privilege and work product protection on behalf of the company? ............................................................607
Q 21.4 How are attorney-client privilege and work product protections asserted? ........................................607
Q 21.5 How are the attorney-client privilege and work product protections waived? ........................................608
Q 21.5.1 What is involved in a voluntary waiver of attorney-client privilege and work product protections during a government investigation? .................................608
Q 21.5.2 What are intentional uses of privileged communications that may result in unintentional waivers? ........................................................................................................610
Q 21.5.3 What is an inadvertent waiver and how can it be cured? ......612
Q 21.5.4 What happens when a privileged communication or protected work product is disclosed involuntarily? ........613
Q 21.5.5 What is the scope of waiver when a client waives attorney-client privilege or work product protection? .....614
Q 21.6 What is the joint defense privilege and common interest doctrine? ..........................................................615
Q 21.7 Does the attorney-client privilege apply internationally? ........616
Q 21.8 What is the self-critical analysis privilege? ..........................................................................................616

Chapter 22 Alternative Dispute Resolution ..........................................................................................627

Jennifer A. Fischer

Q 22.1 What is alternative dispute resolution? ..........................................................628
Q 22.2 What are the different models of alternative dispute resolution? ........................628
Q 22.3 What are the benefits of alternative dispute resolution? ...............................632
Q 22.4 Who provides health care–specific alternative dispute resolution services? ..........634
Q 22.5 What are the benefits of mediation? ........................................................................635

lvi
Table of Contents

Q 22.6 What are the different styles of mediation? ........................................635
  Q 22.6.1 What is evaluative mediation? ..................................................636
  Q 22.6.2 What is facilitative mediation? ..............................................636
  Q 22.6.3 What is transformative mediation? .......................................637
Q 22.7 What are important qualifications when selecting a mediator? ....637
Q 22.8 What happens at the mediation? .................................................638
Q 22.9 What are relevant laws and legal issues in mediation? ..............639
Q 22.10 Is health care fraud amenable to mediation? ..........................640
Q 22.11 What happens in an arbitration? ...............................................640
Q 22.12 What are important qualifications when selecting an arbitrator? ..........................................................641
Q 22.13 What issues will need to be determined by the parties when agreeing to arbitrate a dispute? .........................641
Q 22.14 What are relevant laws and legal issues in arbitration? ............643
Q 22.15 What are the drawbacks of arbitration? ......................................644

Appendix A The False Claims Act Statute ..............................................647
Appendix B The Anti-Kickback Statute ...............................................651
Appendix C The Stark Law .................................................................659
Appendix D DOJ & FTC Statements of Antitrust Enforcement Policy in Health Care ..................................................673
Appendix E OIG Compliance Guidance for Hospitals .....................819
Appendix F OIG Compliance Guidance for Hospices .........................833
Appendix G OIG Compliance Guidance for Durable Medical Equipment Suppliers ................................................853
Appendix H OIG Compliance Guidance for Nursing Facilities ..........877
Appendix I OIG Compliance Guidance for Pharmaceutical Manufacturers ..................................................897
Appendix J Sample Corporate Integrity Agreement ............................911

Index .................................................................................................949