



COMPLIANCE WITH THE FEDERAL ANTI-KICKBACK STATUTE

LG-08

Section: <i>LG (Legal – General Compliance)</i>	Effective Date: <i>August 30, 2011</i>
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POLICY: This policy provides Rural/Metro employees with a general understanding of the federal Anti-Kickback Statute, and establishes procedures designed to prevent possible violations of the Anti-Kickback Statute. This policy applies to all current and future Arrangements, both written and verbal with current or potential referral sources for of federal health care business.

RESPONSIBLE OFFICER: Compliance Officer

PROCEDURE:

I. INTRODUCTION

The purpose of this policy is to ensure that the Rural/Metro's current and future Arrangements are structured in compliance with the federal Anti-Kickback Statute, 42 U.S.C. 1320a-7(b) (the "Anti-Kickback Statute") and to ensure compliance with the Corporate Integrity Agreement, entered into between the Rural/Metro and the U.S. Department of Health and Human Services Office of Inspector General ("OIG") on April 18, 2007. The Corporate Integrity Agreement mandates specific training regarding these laws to ensure compliance with them.

This policy applies to every arrangement or transaction (written and unwritten) in value entered into between the Rural/Metro Corporation, and its direct and indirect subsidiaries and affiliates, including its employees, agents or independent contractors ("Rural/Metro") and any actual or potential source of health care business or referrals to Rural/Metro or any actual or potential receipt of health care business or referrals from Rural/Metro ("Arrangement"). A copy of this policy shall be distributed to any party entering into an Arrangement with Rural/Metro in which Rural/Metro expects to receive 25 or more patient transports per calendar year.

II. GENERAL ANTI-KICKBACK STATUTE

The Federal Anti-Kickback Statute is a broad statute prohibiting payments or discounts in exchange of patient referrals or access to patients for future transport services. It is the policy of Rural/Metro not to knowingly enter into any Arrangement which violates the Anti-Kickback Statute. All Arrangements can only be entered into in accordance with the policies and procedures set forth herein.



COMPLIANCE WITH THE FEDERAL ANTI-KICKBACK STATUTE

LG-08

The Anti-Kickback Statute is a broad statute which prohibits the offer, payment, solicitation, or receipt of anything of value in return for referring patients or for recommending items or services that are reimbursed in whole or in part by the Medicare and Medicaid programs. In particular, the Anti-Kickback Statute principally prohibits the payment of different forms of remuneration in exchange for the referral (or recommendation) of patients or other business (such as purchasing, leasing or ordering items or services) paid for by the federal government through programs like Medicare or Medicaid. Remuneration targeted by the government can include cash or even non-cash items and often takes the forms of kickbacks, bribes, rebates or discounts.

Specific examples of the types of actions that could violate the federal Anti-kickback Statute include the following:

- A. Offering or paying anything of value to induce a hospital, skilled nursing facility, physician, etc. to call Rural/Metro for a patient transport;
- B. Soliciting or receiving anything of value from a hospital, skilled nursing facility, physician, etc. for transporting a Rural/Metro patient to the hospital, skilled nursing facility, physician, etc.; or
- C. Offering patient transports for free or at a substantial discount to induce a hospital, skilled nursing facility, physician, etc. to utilize Rural/Metro for the transport of their patients.

Arrangements which violate the Anti-Kickback Statute may subject Rural/Metro to criminal and civil fines and penalties (up to \$25,000 per violation), imprisonment for up to five years, exclusion from participation in Medicare and other Federal health care programs as well as liability under the Federal Civil False Claims Act. See Policy LG-03, Reporting and Investigating Issues of Non-Compliance, regarding the Federal Civil False Claims Act. Governmental sanctions for violations of this law also can lead to permanent restrictions in Rural/Metro's ability to enter into future contracts with county and governmental municipalities or receive Medicare and Medicaid Reimbursement.

Rural/Metro has adopted a zero tolerance policy with regard to noncompliance with this policy and the law. Individuals that violate this policy may be suspended or terminated immediately at Rural/Metro's sole discretion. Rural/Metro encourages all employees and contractors that receive a copy of this policy to ask questions and address any concerns with Rural/Metro's Corporate Compliance Officer or General Counsel.

III. COMPLIANCE WITH THE ANTI-KICKBACK STATUTE AT RURAL/METRO

Compliance with the Anti-Kickback Statute and this policy are essential to the company's compliance with Rural/Metro's Corporate Integrity Agreement. Compliance is complicated given the breadth of this law and the fact that the government has indicated that intent is a key factor when assessing whether a particular arrangement complies



COMPLIANCE WITH THE FEDERAL ANTI-KICKBACK STATUTE

LG-08

with the law. Moreover, the statute has been interpreted to cover any arrangement where one purpose of the remuneration was to obtain or furnish money for the referral of services or to induce future referrals.

Certain relationships, such as facility transport arrangements (including intra-facility, inter-facility, stand-by, and personal care transport services) with hospitals; long term care facilities and physicians raise compliance issues because of the referral relationship that may exist between the parties. In particular, facility transport arrangements may violate the Anti-Kickback Statute if the service is provided "free of charge" or below "fair market value." As described in Specific Compliance Policy LG-14 Arrangements Review, Rural/Metro has implemented an Arrangements review process to ensure that these types of Arrangements are structured to comply with the Anti-Kickback Statute by ensuring, among other requirements, that the payment between the parties is not based, in whole or in part, on the volume or value of referrals between the parties and that the compensation is otherwise established in a manner consistent with fair market value for the items or services being furnished. Other types of common Arrangements at Rural/Metro may, depending upon the facts and circumstances, implicate the Anti-Kickback Statute including:

- A. Municipal/County EMS Contracts
- B. Ambulance Restocking Arrangements
- C. Compensation Arrangements with First Responders
- D. Arrangements with Patients
- E. Discounts Arrangements

The OIG has promulgated safe harbor regulations, which define practices that are not subject to the anti-kickback statute because such practices would be unlikely to result in fraud or abuse. The "safe harbors" set forth specific conditions that, if met, assure entities involved of not being prosecuted or sanctioned for the arrangement qualifying for the safe harbor. However, safe harbor protection is afforded only to those arrangements that precisely meet all of the conditions set forth in the safe harbor. To date, the OIG has issued twenty safe harbor provisions. Some examples of available safe harbors that may be applicable to Arrangements at Rural/Metro include:

- A. Space Rentals;
- B. Equipment Rentals;
- C. Personal Services and Management Contracts;
- D. Discounts;



COMPLIANCE WITH THE FEDERAL ANTI-KICKBACK STATUTE

LG-08

- E. Employees;
- F. Price Reductions Offered to Health Plans;
- G. Shared Risk Arrangements; and
- H. Ambulance Restocking Arrangements.

It is important to recognize that an Arrangement is not necessarily illegal or otherwise prohibited merely because it does not meet each criteria of a safe harbor. The OIG has repeatedly stated that entities that do not meet each criterion of an applicable safe harbor do not necessarily violate the law or otherwise warrant sanctions. The Personal Services and Management Contracts safe harbor, for example, requires that the exact schedule of intervals and the annual aggregate compensation be "set in advance." Given the fact that transports are typically furnished on an "as needed" basis, it is not possible to meet these two criterion of the Personal Services and Management Contracts safe harbor.

Where possible, all Arrangements at Rural/Metro will be structured to meet a safe harbor or, if not feasible, as many criterion of the safe harbor as feasible in a given situation. Questions regarding the specific safe harbors as applied to any given Arrangement will be directed to the company's General Counsel and/or outside legal counsel.

It is Rural/Metro's policy that all Arrangements be structured to comply with the Anti-Kickback Statute and that Rural/Metro distribute copies of this policy to any party entering into an Arrangement with Rural/Metro under which Rural/Metro expects to receive more than 25 patient transports.

This policy is not intended to provide an exhaustive analysis for every Arrangement that the company may seek to enter into. This policy is intended to provide an educational framework for the background of this important law.

IV. QUESTIONS AND REPORTING

If you have any questions regarding this Policy, please contact your manager, supervisor, or any member of the Rural/Metro Compliance Department, Compliance Committee or Legal Department.

To report any suspected violations of this or any other Rural/Metro Compliance Policies please phone the **Rural/Metro Hotline at 1-877-631-5722** or contact the Compliance Department directly.

Approved by:

President and Chief Executive Officer

Date: 9/13/2011