

PHI901-a72en

Understanding and Complying with the Medicare/Medicaid Fraud and Abuse Laws and Rules

Quiz Answer Guide



Please note: If the question randomization feature was enabled for the quiz, the order of the questions in this quiz answer guide may be different from the order of the questions in the actual quiz.

Knowledge Check

Questions

1. Generally, if an arrangement satisfies all the requirements of a safe harbor and is commercially reasonable, it may be

- a sham designed to generate referrals.
- immune from liability under the Anti-Kickback Statute.
- an illegal kickback arrangement.
- probably not based on legitimate business reasons.

Feedback

A safe harbor is an exemption from the Anti-Kickback Statute that applies to arrangements that present little or no risk of fraud or abuse. If the arrangement fulfills the requirements of a safe harbor, it may be immune from prosecution under the Anti-Kickback Statute. It would not be considered a sham or an illegal kickback and would be based on legitimate business reasons. However, intent is the ultimate test under the Anti-Kickback Statute.

To learn more, you may want to review [Federal Laws and Safe Harbors](#).

2. Philips gives a physician's office each of the following. Which is **least** likely to be treated as a kickback arrangement?

- A \$25,000 credit against future purchases of its new therapy paid up front in cash.
- Proprietary software that allows the office to order from Philips's product website, which has no other use.
- \$1,000 to attend a luncheon and hear about a new product.
- Providing free billing services.

Because the software has no independent value apart from facilitating purchases from the device company, it is unlikely to be considered an illegal kickback. It is a problem to pay physicians to listen to a sales pitch. The credit paid up front in cash is the type of prebate that the OIG has discouraged. Free billing services replaces a function that a physician must have in order to operate a business. The cost of business is already taken into account when Medicare sets the physician's reimbursement rates. All three of these scenarios could be viewed as illegal kickbacks.

To learn more, you may want to review [Federal Laws and Safe Harbors](#).

Knowledge Check

Questions

3. When conducting a sales or marketing meeting, it is permissible for Philips to pay for a customer's travel costs if the meeting is
- to finalize a sale with an existing customer.
 - meant to introduce the company's line of products to a new customer.
 - necessary for the customer to see a demonstration of equipment that is available at the closest location to the customer.
 - to allow the customer and the manufacturer to get acquainted at a modest business function.

Feedback

It is okay for manufacturers to pay reasonable travel costs if it is necessary for a customer to see a demonstration of equipment that is not available near their location. Travel costs to a meeting should not be paid in order to enhance marketing efforts targeted at potential or new customers, to simply finalize a sale, or to improve manufacturer-customer relations—there must be a genuine need for the information to be shared at the meeting location.

To learn more, you may want to review [Federal Laws and Safe Harbors](#).

4. Maria, a Philips sales representative, wants to give a gift to a long-time customer.
- Which of the following gifts would not be in compliance with the Code of Conduct
- Check all that apply.?*

- Tickets to a Major League baseball game.
- A decorative bowl worth \$250 that commemorates the 10th anniversary of business with Philips.
- Flowers and candy.
- Free equipment and services

All four items should be checked.

Gifts are strictly prohibited under the Philips Code of Conduct.

To learn more, you may want to review [Federal Laws and Safe Harbors](#).

5. Which of the following represents a likely violation of the Anti-Kickback Statute?
- Legitimate discount arrangements under the discount safe harbor through which Philips lowers the price of its products to make them more competitive.
 - Free equipment or services not included in a sales agreement.
 - Distribution of RC-approved on-label promotional materials.
 - Consulting agreements for which the payment is made at fair market value and is determined in advance.

Free equipment or services not included in a sales agreement are prohibited by Philips policy and creates Anti-Kickback Statute risk. All of the other options are legitimate sale and marketing or business practices.

To learn more, you may want to review [Federal Laws and Safe Harbors](#).

Knowledge Check

Questions

6. Lauren meets with her supervisor to discuss offering a doctor a gift certificate to a spa. She asks him whether doing so might be in violation of company rules. Lauren's supervisor tells her not to worry and gives his approval to go ahead with the plan.

Should Lauren follow her supervisor's advice?

- Yes
 No

7. Omar, a Philips sales representative, pays Dr. Rose \$10 every time she recommends a Philips device to a patient. Some of Dr. Rose's patients are on Medicare.

Who could be found guilty under the Anti-Kickback Statute?

- Omar
 Philips
 Dr. Rose
 All of the above

8. Global Medical Products has just developed a new type of imaging device that it's ready to market. It's planning a two-day educational seminar and demonstration on new diagnostic techniques facilitated by the device.

It would most likely be appropriate for the company to invite and cover expenses for

- the CEOs of 200 hospitals to attend the seminar at a hotel.
 radiologists from 200 hospitals to attend the seminar at a golf resort.
 the CEOs of 200 hospitals to attend the seminar at a golf resort.
 None of the above

Feedback

Ignorance of the rules and regulations is never an excuse, and no one is authorized to tell you to commit an illegal or improper act. We are each accountable for our own actions, and if Lauren does offer the doctor the gift as planned, she could face disciplinary action. She could even be prosecuted by the government, as could Philips and the doctor, if he accepts the gift.

To learn more, you may want to review [Federal Laws and Safe Harbors](#).

Omar and Philips could be liable for paying the kickback, and Dr. Rose could be liable for accepting it. This activity violates the Anti-Kickback Statute because Dr. Rose is being paid for recommending Philips's products to patients covered by a federal health care program. Remember, parties on both the giving and receiving ends of an illegal kickback can be prosecuted.

To learn more, you may want to review [Federal Laws and Safe Harbors](#).

It would be appropriate for Global to invite the radiologists for a seminar at a **centrally or conveniently** located hotel. However, because this is a sponsored training and not product-specific training, Global shouldn't pay for any the attendance fees, travel, or lodging of any health care providers, or for anyone else who does not have a direct, bona fide professional interest in the clinical aspects of the new device, for example, spouses. And Global shouldn't use a golf resort, because the emphasis there would likely be on recreation, not conducting business.

To learn more, you may want to review [Training, Educational Conferences, and Sales Meetings](#).

Knowledge Check

Questions

9. State University hosts a conference on ethics in medicine for physicians and medical students in its metropolitan area. St. Mary's Medical Center is affiliated with the university and buys many Philips devices.

Would it be okay for Philips to consider approving State University's request for an educational grant to help subsidize the conference?

- Yes, if the grant is used to reduce costs, and if the conference is accredited, educational, and dedicated to promoting health care.
- Yes, but only if Philips is allowed to choose the speakers and topics.
- No, because St. Mary's is a major customer of Philips.
- No, because St. Mary's isn't allowed to ask any device manufacturer to subsidize a conference.

Feedback

Even though St. Mary's is a customer of Philips, we could provide a grant to reduce the expenses for the students as long as the conference was accredited, educational, and the criteria set forth by the business and in the Code of Conduct, including the Educational Grant approval process, are met. The company is not permitted to dictate content.

To learn more, you may want to review [Consulting, Reimbursement, and Gifts](#).

10. Which of the following would be a legitimate reason for Philips to hire Dr. Narasimhan as a consultant?

- Last year, Dr. Narasimhan generated \$2.1 million in revenue for Philips through patient referrals.
- This year, Philips has a bigger budget for consultants.
- As an incentive, Philips offers consulting arrangements to all its best customers.
- Philips is developing a new device, and Dr. Narasimhan can provide expert knowledge that no one else can provide.

Philips could legitimately hire Dr. Narasimhan for his expert knowledge. Federal laws prohibit Philips from hiring him as a reward for generating revenue or for being a good customer. The fact that we may simply have the budget for an additional consultant is not a legitimate need for hiring one. Philips hires consultants based on the need for services and the consultants' qualifications.

To learn more, you may want to review [Consulting, Reimbursement, and Gifts](#).