§ 1320a–7b. Criminal penalties for acts involving
Federal health care programs

(a) Making or causing to be made false statements or representations

Whoever—
(1) knowingly and willfully makes or causes to be made any false statement or representation of a material fact in any application for any benefit or payment under a Federal health care program (as defined in subsection (f) of this section),
(2) at any time knowingly and willfully makes or causes to be made any false statement or representation of a material fact for use in determining rights to such benefit or payment,
(3) having knowledge of the occurrence of any event affecting (A) his initial or continued right to any such benefit or payment, or (B) the initial or continued right to any such benefit or payment of any other individual in whose behalf he has applied for or is receiving such benefit or payment, conceals or fails to disclose such event with the intent fraudulently to secure such benefit or payment either in a greater amount or quantity than is due or when no such benefit or payment is authorized,
(4) having made application to receive any such benefit or payment for the use and benefit of another and having received it, knowingly and willfully converts such benefit or payment or any part thereof to a use other than for the use and benefit of such other person,
(5) presents or causes to be presented a claim for a physician’s service for which payment may be made under a Federal health care program and knows that the individual who furnished the service was not licensed as a physician,

(b) Illegal remunerations

(1) Whoever knowingly and willfully solicits or receives any remuneration (including any kickback, bribe, or rebate) directly or indirectly, overtly or covertly, in cash or in kind—
(A) in return for referring an individual to a person for the furnishing or arranging for the furnishing of any item or service for which payment may be made in whole or in part under a Federal health care program, or

shall be guilty of a felony and upon conviction thereof, shall be fined not more than $25,000 or imprisoned for not more than five years, or both.

(2) Whoever knowingly and willfully offers or pays any remuneration (including any kickback, bribe, or rebate) directly or indirectly, overtly or covertly, in cash or in kind to any person to induce such person—

shall be guilty of a felony and upon conviction thereof, shall be fined not more than $25,000 or imprisoned for not more than five years, or both.

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(4) having made application to receive any such benefit or payment for the use and benefit of another and having received it, knowingly and willfully converts such benefit or payment or any part thereof to a use other than for the use and benefit of such other person,
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shall be guilty of a felony and upon conviction thereof, shall be fined not more than $25,000 or imprisoned for not more than five years, or both.

(2) Whoever knowingly and willfully offers or pays any remuneration (including any kickback, bribe, or rebate) directly or indirectly, overtly or covertly, in cash or in kind to any person to induce such person—

shall be guilty of a felony and upon conviction thereof, shall be fined not more than $25,000 or
imprisoned for not more than five years, or both.

(3) Paragraphs (1) and (2) shall not apply to—
(A) a discount or other reduction in price obtained by a provider of services or other entity under a Federal health care program if the reduction in price is properly disclosed and appropriately reflected in the costs claimed or charges made by the provider or entity under a Federal health care program;
(B) any amount paid by an employer to an employee (who has a bona fide employment relationship with such employer) for employment in the provision of covered items or services;
(C) any amount paid by a vendor of goods or services to a person authorized to act as a purchasing agent for a group of individuals or entities who are furnishing services reimbursed under a Federal health care program if—
(i) the person has a written contract, with each such individual or entity, which specifies the amount to be paid the person, which amount may be a fixed amount or a fixed percentage of the value of the purchases made by each such individual or entity under the contract, and
(ii) in the case of an entity that is a provider of services (as defined in section 1395x(u) of this title), the person discloses in such form and manner as the Secretary requires to the entity and, upon request, to the Secretary the amount received from each such vendor with respect to purchases made by or on behalf of the entity;
(D) a waiver of any coinsurance under part B of subchapter XVIII of this chapter by a Federally qualified health care center with respect to an individual who qualifies for subsidized services under a provision of the Public Health Service Act [42 U.S.C. 201 et seq.];
(E) any payment practice specified by the Secretary in regulations promulgated pursuant to section 14(a) of the Medicare and Medicaid Patient and Program Protection Act of 1987 or in regulations under section 1395w–104(e)(6)(A) of this title;
(F) any remuneration between an organization and an individual or entity providing items or services, or a combination thereof, pursuant to a written agreement between the organization and the individual or entity if the organization is an eligible organization under section 1395mm of this title or if the written agreement, through a risk-sharing arrangement, places the individual or entity at substantial financial risk for the cost or utilization of the items or services, or a combination thereof, which the individual or entity is obligated to provide;
(G) the waiver or reduction by pharmacies (including pharmacies of the Indian Health Service, Indian tribes, tribal organizations, and urban Indian organizations) of any cost-sharing imposed under part D of subchapter XVIII of this chapter. If the conditions described in clauses (i) through (iii) of section 1320a–7a(1)(i)(6)(A) of this title are met with respect to the waiver or reduction (except that, in the case of such a waiver or reduction on behalf of a subsidy eligible individual (as defined in section 1395w–114(a)(3) of this title), section 1320a–7a(1)(i)(6)(A) of this title shall be applied without regard to clauses (ii) and (iii) of that section);
(H) any remuneration between a federally qualified health center (or an entity controlled by such a health center) and a MA organization pursuant to a written agreement described in section 1395w–23(a)(4) of this title;
(I) any remuneration between a health center entity described under clause (i) or (ii) of section 1396d(l)(2)(B) of this title and any individual or entity providing goods, items, services, donations, loans, or a combination thereof, to such health center entity pursuant to a contract, lease, grant, loan, or other agreement, if such agreement contributes to the ability of the health center entity to maintain or increase the availability, or enhance the quality, of services provided to a medically underserved population served by the health center entity; and
(J) a discount in the price of an applicable drug (as defined in paragraph (2) of section 1395w–114a(g) of this title) of a manufacturer that is furnished to an applicable beneficiary (as defined in paragraph (1) of such section) under the Medicare coverage gap discount program under section 1395w–114a of this title.

(c) False statements or representations with respect to condition or operation of institutions

Whoever knowingly and willfully makes or causes to be made, or induces or seeks to induce the making of, any false statement or representation of a material fact with respect to the conditions or operation of any institution, facility, or entity in order that such institution, facility, or entity may qualify (either upon initial certification or upon recertification) as a hospital, critical access hospital, skilled nursing facility, nursing facility, intermediate care facility for the mentally retarded, home health agency, or other entity (including an eligible organization under section 1395mm(b) of this title) for which certification is required under subchapter XVIII of this chapter or a State health care program (as defined in section 1320a–7(b) of this title), or with respect to information required to be provided under section 1320a–3a of this title, shall be guilty of a felony and upon conviction thereof shall be fined not more than $25,000 or imprisoned for not more than five years, or both.

(d) Illegal patient admittance and retention practices

Whoever knowingly and willfully—
(1) charges, for any service provided to a patient under a State plan approved under subchapter XIX of this chapter, money or other consideration at a rate in excess of the rates established by the State (or, in the case of services provided to an individual enrolled with a medicare managed care organization under subchapter XIX of this chapter under a contract under section 1396b(m) of this title or under a contractual, referral, or other arrangement under such contract, at a rate in

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1 See References in Text note below.
excess of the rate permitted under such contract, or
(2) charges, solicits, accepts, or receives, in addition to any amount otherwise required to be paid under a State plan approved under subchapter XIX of this chapter, any gift, money, donation, or other consideration (other than a charitable, religious, or philanthropic contribution from an organization or from a person unrelated to the patient)—
(A) as a precondition of admitting a patient to a hospital, nursing facility, or intermediate care facility for the mentally retarded, or
(B) as a requirement for the patient's continued stay in such a facility,
when the cost of the services provided therein to the patient is paid for (in whole or in part) under the State plan,
shall be guilty of a felony and upon conviction thereof shall be fined not more than $25,000 or imprisoned for not more than five years, or
(e) Violation of assignment terms
Whoever accepts assignments described in section 1395u(b)(3)(D) of this title and knowingly, willfully, and repeatedly violates the term of such assignment or agreement, shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $2,000 or imprisoned for not more than six months, or both.
(f) "Federal health care program" defined
For purposes of this section, the term "Federal health care program" means—
(1) any plan or program that provides health benefits, whether directly, through insurance, or otherwise, which is funded directly, in whole or in part, by the United States Government (other than the health insurance program under chapter 89 of title 5); or
(2) any State health care program, as defined in section 1320a–7(h) of this title.
(g) Liability under subchapter III of chapter 37 of title 18
In addition to the penalties provided for in this section or section 1320a–7a of this title, a claim that includes items or services resulting from a violation of this section constitutes a false or fraudulent claim for purposes of section 1395w–104(e)(6) of this title or section 1320a–7a of this title, a violation of section 1860D–3, which is classified to section 1860D–103 of this title, or section 1395w–104(e)(6) of this title.
(h) Actual knowledge or specific intent not required
With respect to violations of this section, a person need not have actual knowledge of this section or specific intent to commit a violation of this section.

Prior to redesignation by Pub. L. 100–93, subsecs. (a) to (d) of this section were subsecs. (a) to (d) of section 1909 of act Aug. 14, 1935, which was classified to section 1396b of this title, and subsec. (e) of this section was subsec. (d) of section 1877 of act Aug. 14, 1935, which was classified to section 1396nm of this title.

AMENDMENTS
Subsec. (b)(3)(H). Pub. L. 111–148, § 3301(d)(1)(B), amended subpar. (H) relating to remuneration between a federally qualified health center and an MA organization by substituting a semicolon for the period at the end and realigning margins.
Subsec. (b)(3)(I). Pub. L. 111–148, § 3301(d)(1)(C)(i), (ii), redesignated subpar. (H) relating to remuneration between a health center entity and any individual or entity providing goods, items, services, donations, loans, or a combination thereof, to such health center entity as (1) and realigned margins.
Subsec. (b)(3)(K). Pub. L. 111–148, § 6402(f), added subsecs. (g) and (h).
2003—Subsec. (b)(3)(E). Pub. L. 108–173, § 101(e)(8)(A), which directed the amendment of subpar. (C) by inserting "or in regulations under section 1395w–104(e)(6) of this title" after "1987", was executed by making the insertion in subpar. (E) to reflect the probable intent of Congress because "1987" does not appear in subpar. (C).
Subsec. (b)(3)(H). Pub. L. 108–173, § 431(a), added subpar. (H) relating to remuneration between a health center entity and any individual or entity providing goods, items, services, donations, loans, or a combination thereof, to such health center entity.

REFERENCES IN TEXT
The Public Health Service Act, referred to in subsec. (b)(3)(D), is act July 1, 1944, ch. 737, 58 Stat. 682, as amended, which is classified generally to chapter 6A (§ 2301 et seq.) of this title. For complete classification of this Act to the Code, see Short Title note set out under section 201 of this title and Table.

Section 14(a) of the Medicare and Medicaid Patient and Program Protection Act of 1987, referred to in subsec. (b)(3)(E), is section 14(a) of Pub. L. 100–93, which is set out below.

Section 1395w–104(e)(6) of this title, referred to in subsec. (b)(3)(E), was in the original "section 1860D–5(e)(6)" and was translated as reading "section 1860D–4(e)(6)" to reflect the probable intent of Congress, because section 1860D–3, which is classified to section 1395w–103 of this title, does not contain a subsec. (e), and section 1395w–104(e)(6) relates to regulations.

CODIFICATION
Prior to redesignation by Pub. L. 100–93, subsecs. (a) to (d) of this section were subsecs. (a) to (d) of section 1909 of act Aug. 14, 1935, which was classified to section 1396b of this title, and subsec. (e) of this section was subsec. (d) of section 1877 of act Aug. 14, 1935, which was classified to section 1396nm of this title.

PUB. L. 111–148, § 3301(d)(1)(A), struck out "and" at the end.
§ 1320a–7b

Title 42—The Public Health and Welfare

Pub. L. 100–103, §4(a)(1), substituted “Criminal penalties for acts involving Medicare or State health care programs” for “Offenses and penalties” in section catchline.

Subsec. (a). Pub. L. 100–103, §4(a)(3), (4), in concluding provisions, substituted “made under the program” for “made under this subchapter”, “approved under subchapter XIX of this chapter” for “approved under this subchapter”, and “of that subchapter” for “of this subchapter”.

Subsec. (a)(1). Pub. L. 100–103, §4(a)(2), substituted “a program under subchapter XVIII of this chapter or a State health care program (as defined in section 1320a–7b(h) of this title)” for “a State plan approved under this subchapter”.


Subsec. (b)(1)(A), (B), (2)(A), (B). Pub. L. 100–103, §4(a)(5), substituted “subchapter XVIII of this chapter or a State health care program” for “this subchapter”.

Subsec. (b)(3). Pub. L. 100–103, §§4(a)(5), (6), (14)(b), substituted “subchapter XVIII of this chapter or a State health care program” for “subchapter XIX of this chapter” for “State health care program”.

Subsec. (d)(1). Pub. L. 100–103, §4(a)(6), substituted “subchapter XIX of this chapter for “this subchapter”.

Subsec. (e). Pub. L. 100–103, §4(c), redesignated subsec. (d) of section 1395m of this title as subsec. (e) of this section.

1984—Subsec. (e). Pub. L. 98–369 inserted “or agrees to be a participating physician or supplier under section 1395a(h)(1) of this title” after “section 1395a(b)(3)(B)(ii)” of this title, and substituted “or agreement” for “specified in subsection (1) of such section”.


1977—Subsec. (a). Pub. L. 95–142, §4(b), designated existing existing provisions following par. (4) as cl. (1) and, as so designated, inserted provisions relating to activities of other persons, and inserted provisions authorizing the State to limit, restrict, or suspend, the eligibility of any convicted persons for benefits, and added cl. (1). See Codification note above.

Subsec. (b). Pub. L. 95–142, §4(b), redesignated existing provisions as par. (1), substituted provisions relating to solicitation or receiving of any remuneration for return for referring an individual to a person for the furnishing or arranging the furnishing of any item or service, or in return for purchasing, leasing, ordering, or arranging for or recommending purchasing, etc., as constituting a felony punishable by a fine of not more than $25,000 and/or imprisonment for not more than five years, for provisions relating to furnishing items or services and soliciting, offering or receiving any kickback, bribe, or rebate in connection with furnishing, etc., items or services as constituting a misdemeanor punishable by a fine of not more than $10,000 and/or imprisonment for not more than one year, and added pars. (2) and (3). See Codification note above.

Subsec. (c). Pub. L. 95–142, §4(b), substituted provisions setting forth felony natural or criminal activities with a fine of not more than $25,000, or imprisonment for not more than five years, or both, for provisions setting forth misdemeanor natural or criminal activities with a fine of not more than $2,000, or imprisonment for not more than six months, or both. See Codification note above.


1987—Pub. L. 100–93, §4(a)(1), substituted “Criminal penalties for acts involving Medicare or State health care programs” for “Offenses and penalties” in section catchline.

Subsec. (a). Pub. L. 100–93, §4(a)(3), (4), in concluding provisions, substituted “made under the program” for “made under this subchapter”, “approved under subchapter XIX of this chapter” for “approved under this subchapter”, and “of that subchapter” for “of this subchapter”.

Subsec. (a)(1). Pub. L. 100–93, §4(a)(2), substituted “a program under subchapter XVIII of this chapter or a State health care program (as defined in section 1320a–7h of this title)” for “a State plan approved under this subchapter”.


Subsec. (b)(1)(A), (B), (2)(A), (B). Pub. L. 100–93, §4(a)(5), substituted “subchapter XVIII of this chapter or a State health care program” for “this subchapter”.

Subsec. (b)(3). Pub. L. 100–93, §§4(a)(5), (6), (14)(b), substituted “subchapter XVIII of this chapter or a State health care program” for “subchapter XIX of this chapter” for “State health care program”.

Subsec. (d)(1). Pub. L. 100–93, §4(a)(6), substituted “subchapter XIX of this chapter for “this subchapter”.

Subsec. (e). Pub. L. 100–93, §4(c), redesignated subsec. (d) of section 1395m of this title as subsec. (e) of this section.

1984—Subsec. (e). Pub. L. 98–369 inserted “or agrees to be a participating physician or supplier under section 1395a(h)(1) of this title” after “section 1395a(b)(3)(B)(ii)” of this title, and substituted “or agreement” for “specified in subsection (1) of such section”.


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Subsec. (b). Pub. L. 95–142, §4(b), redesignated existing provisions as par. (1), substituted provisions relating to solicitation or receiving of any remuneration for return for referring an individual to a person for the furnishing or arranging the furnishing of any item or service, or in return for purchasing, leasing, ordering, or arranging for or recommending purchasing, etc., as constituting a felony punishable by a fine of not more than $25,000 and/or imprisonment for not more than five years, for provisions relating to furnishing items or services and soliciting, offering or receiving any kickback, bribe, or rebate in connection with furnishing, etc., items or services as constituting a misdemeanor punishable by a fine of not more than $10,000 and/or imprisonment for not more than one year, and added pars. (2) and (3). See Codification note above.

Subsec. (c). Pub. L. 95–142, §4(b), substituted provisions setting forth felony natural or criminal activities with a fine of not more than $25,000, or imprisonment for not more than five years, or both, for provisions setting forth misdemeanor natural or criminal activities with a fine of not more than $2,000, or imprisonment for not more than six months, or both. See Codification note above.


Title 42—The Public Health and Welfare

Amendment by section 4211(h)(7) of Pub. L. 100–203, as amended, effective at end of four-teen-day period beginning Aug. 18, 1987, and inapplicable to administrative proceedings commenced before end of such period, see section 15(a) of Pub. L. 100–93, set out as a note under section 1320a–7 of this title.

Effective Date

Pub. L. 95–142, § 4(d), Oct. 25, 1977, 91 Stat. 1183, provided that: "The amendments made by subsections (a) and (b) [amending this section] shall apply with respect to to acts occurring and statements or representations made on or after the date of the enactment of this Act [Oct. 25, 1977]."

Rulemaking for Exception for Health Center Entity Arrangements


"(1) Establishment.—

"(A) In General.—The Secretary of Health and Human Services shall establish, on an expedited basis, standards relating to the exception described in section 1128B(b)(3)(I) of the Social Security Act [42 U.S.C. 1128B(b)(3)(I)] as added by subsection (a), for health center entity arrangements to the antikickback penalties.

"(B) Factors to Consider.—The Secretary shall consider the following factors, among others, in establishing standards relating to the exception for health center entity arrangements under subparagraph (A):

"(i) Whether the arrangement between the health center entity and the other party results in savings of Federal grant funds or increased revenues to the health center entity.

"(ii) Whether the arrangement between the health center entity and the other party restricts or limits an individual’s freedom of choice.

"(iii) Whether the arrangement between the health center entity and the other party protects a health care professional’s independent medical judgment regarding medically appropriate treatment.

The Secretary may also include other standards and criteria that are consistent with the intent of Congress in enacting the exception established under this section.

"(2) Deadline.—Not later than 1 year after the date of the enactment of this Act [Dec. 8, 2003] the Secretary shall publish final regulations establishing the standards described in paragraph (1)."

Negotiated Rulemaking for Risk-Sharing Exception

Pub. L. 104–191, title II, § 216(b), Aug. 21, 1996, 110 Stat. 2207, provided that:

"(1) Establishment.—

"(A) In General.—The Secretary of Health and Human Services (in this subsection referred to as the ‘Secretary’) shall establish, on an expedited basis and using a negotiated rulemaking process under subchapter 3 of chapter 5 of title 5, United States Code, standards relating to the exception for risk-
sharing arrangements to the anti-kickback penalties described in section 1128B(b)(3)(F) of the Social Security Act [42 U.S.C. 1320a-7(b)(3)(F)], as added by subsection (a).

“(B) FACTORS TO CONSIDER.—In establishing standards relating to the exception for risk-sharing arrangements to the anti-kickback penalties under subparagraph (A), the Secretary—

“(i) shall consult with the Attorney General and representatives of the hospital, physician, other health practitioner, and health plan communities, and other interested parties; and

“(ii) shall take into account—

“(I) the level of risk appropriate to the size and type of arrangement;

“(II) the frequency of assessment and distribution of incentives;

“(III) the level of capital contribution; and

“(IV) the extent to which the risk-sharing arrangement provides incentives to control the cost and quality of health care services.

“(2) PUBLICATION OF NOTICE.—In carrying out the rulemaking process under this subsection, the Secretary shall publish the notice provided for under section 564(a) of title 5, United States Code, by not later than 45 days after the date of the enactment of this Act [Aug. 21, 1996].

“(3) TARGET DATE FOR PUBLICATION OF RULE.—As part of the notice under paragraph (2), and for purposes of this subsection, the ‘target date for publication’ (referred to in section 564(a)(5) of such title) shall be January 1, 1997.

“(4) ABBREVIATED PERIOD FOR SUBMISSION OF COMMENTS.—In applying section 564(c) of such title under this subsection, ‘15 days’ shall be substituted for ‘30 days’.

“(5) APPOINTMENT OF NEGOTIATED RULEMAKING COMMITTEE AND FACILITATOR.—The Secretary shall provide for—

“(A) the appointment of a negotiated rulemaking committee under section 564(a) of such title by not later than 30 days after the end of the comment period provided for under section 564(c) of such title (as shortened under paragraph (4)), and

“(B) the nomination of a facilitator under section 564(c) of such title by not later than 10 days after the date of appointment of the committee.

“(6) PRELIMINARY COMMITTEE REPORT.—The negotiated rulemaking committee appointed under paragraph (5) shall report to the Secretary, by not later than October 1, 1996, regarding the committee’s progress on achieving a consensus with regard to the rulemaking proceeding and whether such consensus is likely to occur before one month before the target date for publication of the rule. If the committee reports that the committee has failed to make significant progress toward such consensus or is unlikely to reach such consensus by the target date, the Secretary may terminate such process and provide for the publication of a rule under this subsection through such other methods as the Secretary may provide.

“(7) FINAL COMMITTEE REPORT.—If the committee is not terminated under paragraph (6), the rulemaking committee shall submit a report containing a proposed rule by not later than one month before the target publication date.

“(8) INTERIM, FINAL EFFECT.—The Secretary shall publish a rule under this subsection in the Federal Register by not later than the target publication date. Such rule shall be effective and final immediately on an interim basis, but is subject to change and revision after public notice and opportunity for a period (of not less than 40 days) for public comment. In connection with such rule, the Secretary shall specify the process for the timely review and approval of applications of entities to be certified as provider-sponsored organizations pursuant to such rules and consistent with this subsection.

“(9) PUBLICATION OF RULE AFTER PUBLIC COMMENT.—The Secretary shall provide for consideration of such comments and republication of such rule by not later than 1 year after the target publication date.”

ANTI-KICKBACK REGULATIONS

Pub. L. 100-93, §14(a), Aug. 18, 1987, 101 Stat. 697, provided that: “The Secretary of Health and Human Services, in consultation with the Attorney General, not later than 1 year after the date of the enactment of this Act [Aug. 18, 1987] shall publish proposed regulations, and not later than 2 years after the date of the enactment of this Act shall promulgate final regulations, specifying payment practices that shall not be treated as a criminal felony under section 1128B(b) of the Social Security Act [42 U.S.C. 1320a-7(b)] and shall not serve as the basis for an exclusion under section 1128(b)(7) of such Act. Any practices specified in regulations pursuant to the preceding sentence shall be in addition to the practices described in subparagraphs (A) through (C) of section 1128B(b)(3).”

§ 1320a–7c. Fraud and abuse control program

(a) Establishment of program

(1) In general

Not later than January 1, 1997, the Secretary, acting through the Office of the Inspector General of the Department of Health and Human Services, and the Attorney General shall establish a program—

(A) to coordinate Federal, State, and local law enforcement programs to control fraud and abuse with respect to health plans,

(B) to conduct investigations, audits, evaluations, and inspections relating to the delivery of and payment for health care in the United States,

(C) to facilitate the enforcement of the provisions of sections 1320a–7, 1320a–7a, and 1320a–7b of this title and other statutes applicable to health care fraud and abuse, and

(D) to provide for the modification and establishment of safe harbors and to issue advisory opinions and special fraud alerts pursuant to section 1320a–7d of this title.

(2) Coordination with health plans

In carrying out the program established under paragraph (1), the Secretary and the Attorney General shall consult with, and arrange for the sharing of data with representatives of health plans.

(3) Guidelines

(A) In general

The Secretary and the Attorney General shall issue guidelines to carry out the program under paragraph (1). The provisions of sections 553, 556, and 557 of title 5 shall not apply in the issuance of such guidelines.

(B) Information guidelines

(i) In general

Such guidelines shall include guidelines relating to the furnishing of information by health plans, providers, and others to enable the Secretary and the Attorney General to carry out the program (including coordination with health plans under paragraph (2)).

(ii) Confidentiality

Such guidelines shall include procedures to assure that such information is provided and utilized in a manner that appro-