

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

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- **(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)),
  - **(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 an 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, or
  - **(6)** for a fee knowingly and willfully counsels or assists an individual to dispose of assets (including by any transfer in trust) in order for the individual to become eligible for medical assistance under a State plan under title XIX [42 USCS §§ 1396 et seq.], if disposing of the assets results in the imposition of a period of ineligibility for such assistance under section 1917(c) [42 USCS § 1396p(c)],

shall (i) in the case of such a statement, representation, concealment, failure, or conversion by any other person in connection with the furnishing (by that person) of items or services for which payment is or may be made under the program, be guilty of a felony and upon conviction thereof fined not more than \$ 25,000 or imprisoned for not more than five years or both, or (ii) in the case of such a statement, representation, concealment, failure, conversion, or provision of counsel or assistance by any other person, be guilty of a misdemeanor and upon conviction thereof fined not more than \$ 10,000 or imprisoned for not more than one year, or both. In addition, in any case where an individual who is otherwise eligible for assistance under a Federal health care program is convicted of an offense under the preceding provisions of this subsection, the administrator of such program may at its option (notwithstanding any other provision of such program) limit, restrict, or suspend the eligibility of that individual for such period (not exceeding one year) as it deems appropriate; but the imposition of a limitation, restriction, or suspension with respect to the eligibility of any individual under this sentence shall not affect the eligibility of any other person for assistance under the plan, regardless of the relationship between that individual and such other person.

- **(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
  - **(B)** in return for purchasing, leasing, ordering, or arranging for or recommending purchasing, leasing, or ordering any good, facility, service, or item for which payment may be made in whole or in part under a Federal health care program,
    - 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--
  - **(A)** to refer 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
  - **(B)** to purchase, lease, order, or arrange for or recommend purchasing, leasing, or ordering any good, facility, service, or item for which payment may be made in whole or in part under a Federal health care program,
    - 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 1861(u) [42 USCS § 1395x(u)]), 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 title XVIII [42 USCS §§ 1395j et seq.] 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;
  - **(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 [note to this section] or in regulations under section 1860D-3(e)(6) [1860D-4(e)(6)] [42 USCS § 1395w-104(e)(6)];
  - **(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 1876 [42 USCS § 1395mm] 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 title XVIII [42 USCS §§ 1395w-101 et seq.], if the conditions described in clauses (i) through (iii) of section 1128A(i)(6)(A) [42 USCS § 1320a-7a(i)(6)(A)] 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 1860D-14(a)(3) [42 USCS § 1395w-114(a)(3)]), section 1128A(i)(6)(A) [42 USCS § 1320a-7a(i)(6)(A)] 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 an MA organization pursuant to a written agreement described in section 1853(a)(4) [42 USCS § 1395w-23(a)(4)];
  - **(I)** any remuneration between a health center entity described under clause (i) or (ii) of section 1905(l)(2)(B) [42 USCS § 1396d(l)(2)(B)] 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 1860D-14A(g) [42 USCS § 1395w-114a(g)]) 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 1860D-14A [42 USCS § 1395w-114a].
- **(4)** Whoever without lawful authority knowingly and willfully purchases, sells or distributes, or arranges for the purchase, sale, or distribution of a beneficiary identification number or unique health identifier for a health care provider under title XVIII, title XIX, or title XXI [42 USCS §§ 1395 et seq., 1396 et seq., 1397aa et seq.] shall be imprisoned for not more than 10 years or fined not more than \$ 500,000 (\$ 1,000,000 in the case of a corporation), or both.
- **(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 1876(b) [42 USCS § 1395mm(b)]) for which certification is required under title XVIII [42 USCS §§ 1395 et seq.] or a State health care program (as defined in section 1128(h) [42 USCS § 1320a-7(h)]), or with respect to information required to be provided under section 1124A [42 USCS § 1320a-3a], 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 title XIX [42 USCS §§ 1396 et seq.], 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 medicaid managed care organization under title XIX under a contract under section 1903(m) [42 USCS § 1396b(m)] or under a contractual, referral, or other arrangement under such contract, at a rate in 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 title XIX [42 USCS §§ 1396 et seq.], 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 both.
- **(e)** Violation of assignment terms. Whoever accepts assignments described in section 1842(b)(3)(B)(ii) [42 USCS § 1395u(b)(3)(B)(ii)] or agrees to be a participating physician or supplier under section 1842(h)(1) [42 USCS § 1395a(h)(1)] and knowingly, willfully, and repeatedly violates the term of such assignments 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, United States Code [5 USCS §§ 8901 et seq.]); or
  - **(2)** any State health care program, as defined in section 1128(h) [42 USCS § 1320a-7(h)].
- **(g)** Liability under subchapter III of chapter 37 of title 31. In addition to the penalties provided for in this section or section 1128A [42 USCS § 1320a-7a], a claim that includes items or services resulting from a violation of this section constitutes a false or fraudulent claim for purposes of subchapter III of chapter 37 of title 31, United States Code [31 USCS §§ 3721 et seq.].
- **(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.