

CLIENT ALERT

FEHBP Final Rule on Provider Sanctions

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The Office of Personnel Management ("OPM") has issued a final financial sanctions rule for health care providers participating in the Federal Employees Health Benefits Program ("FEHBP"). Two categories of financial sanctions are established by the March 3 rule: assessments, which are intended to recognize losses, costs, and damages incurred as the result of a provider's wrongful conduct, and civil monetary penalties, which are lump-sum amounts that, while computed by reference to improper claims, are intended principally to deter future violations. The bases for financial sanctions are (1) fraudulent or improper claims; (2) false or misleading statements in or about claims; and (3) failure to provide claims-related information that is required by law to be disclosed. Sanctions may be imposed only for violations that directly involve FEHBP enrollees, carriers, or funds. The final rule sets forth the procedures for imposing, determining the amount, and collecting financial sanctions, as well as providers' right to contest and appeal the imposition of financial sanctions. The March 3 final rule also clarifies the circumstances under which payments may be made from FEHBP funds to suspended providers. This rule, along with the rule governing suspension and debarment of FEHBP providers, implements the administrative sanctions enacted by the Federal Employees Health Care Protection Act of 1998 (Pub. L. 105-266).

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.