



Healthcare Fraud Trends

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National Association of Medicaid Program Integrity
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Medicaid Fraud Trends



MEDICAID FRAUD TRENDS

Persistent Trends

- Home and Community Based Services (PCS aides and agencies)
- Physicians
- DME
- Pharmacies/Drug Diversion
- Dentists

Recent Trends

- Home and Community Based Services (PCS aides and agencies)
- Pharmacies/Drug Diversion
- Behavioral Health
- Hospitals
- Managed Care Entities



MFCU Open Fraud Investigations

2nd Qtr 2013: Top 20 Provider Types*

- Home Health Aides-1,341
- Physician/DO-1,042
- DME-788
- Home Health Agency-720
- Pharmacy-768
- Dentist-459
- Counselor/Psychologist-412
- Transportation-315
- All Nurses/PA/NP-304
- Hospitals-245
- Nursing Facility-217
- Lab-209
- Medicaid Program Admin- 78
- Other Long Term Care-70
- Managed Care-50
- Podiatrist-43
- Substance Abuse T Center-44
- Optometrist/Optician-38
- Billing Company-30
- Radiology-28



Notable Trends Compared to 4th Qtr 2010 +17.5% Open Cases Overall

- Home Health Aides (PCS) +40% (956/1341)
- Pharmacy +59% (482/768)
- Counselor/Psychol' +82% (226/412)
- Hospitals +43% (191/273)
- Managed Care +56% (32/50)
- Transportation -10% (345/315)
- All Nurses/PA/NP -6% (286/304)
- Labs +4% (201/209)



YOUR SOURCE FOR UP-TO-DATE INFORMATION ON MEDICAID FRAUD CASES

REPORT FRAUD Home • FAQs • FOIA • Careers • Contact • HEAT • Download Reader •

U.S. Department of Health & Human Services **Office of Inspector General** U.S. Department of Health & Human Services

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State Enforcement Actions

[State Enforcement Archive](#)

July 2013

July 29, 2013; Florida Office of the Attorney General

Medicaid Fraud Control Unit and the Calhoun County Sheriff's Office Arrest Woman for Neglect of an Elderly Adult ^{en}

This week, the Medicaid Fraud Control Unit and the Calhoun County Sheriff's Office arrested Shelia Angelene Mayes, a Blountstown resident, and charged her with one count of neglect of an elderly adult.

July 29, 2013; Attorney General of Georgia

<http://oig.hhs.gov/reports-and-publications/index.asp>

I'm looking for

Let's start by choosing a topic

Select One

- Child Support Enforcement
- Consumer Alerts
- **Enforcement Actions**
 - Civil Monetary Penalties and Affirmative Exclusions
 - Criminal and Civil Enforcement
 - **State Enforcement**
- Medicaid Fraud Control Units - MFCU
- OIG Most Wanted Fugitives

<http://oig.hhs.gov/fraud/enforcement/state/index.asp>



Personal Care Services is a Significant Area of Concern

- Volume of fraud by attendants adds up, and cases involving individual benes getting bigger
- PCS agency cases often \$500,000+
- Why PCS?
 - Hard to keep ineligible benes out of PCS
 - Benes are frequently co-conspirators
 - Program integrity often has limited visibility
 - Self-directed care model in HCBS
- Train supervisors to prevent/detect fraud



Medicaid (and Medicare) Fraud Schemes Increasingly Involve Use of Recruiters and Cross-Pollination

- Program areas in which fraud has included use of recruiters to co-opt benes include
 - Hospice
 - PCS
 - Adult day care
 - Behavioral health (therapy, counseling, etc)
- Fertile program areas for cross-pollination:
 - PCS and Medicare home health
 - Behavioral health and group homes (and drug diversion)
 - (Use your imagination: they certainly are!)



Managed Care Plan Fraud— The Future of Medicaid Fraud



Types of Managed Care Fraud

- Allocation of Costs Fraud
 - Misrepresentation of direct vs. indirect costs
 - Medical Loss Ratio (MLR) schemes
- Failure to Provide Services/False Data Reporting
 - Quality incentive programs
- Enrollment Fraud (cherry picking)

How is Your PIU Working to Identify or Prevent These Schemes?



Medicare Fraud Trends



Persistent and Recent Trends In Medicare Fraud

Persistent Trends

- DME
- Home Health
- Psych Fraud
- Office Visit Schemes
- Physical Therapy

Recent Trends

- Part D Diversion
- Pain Management
- Home Health
- Professional Beneficiaries
- Cardiology
- Med ID Theft



Medicare Part D

Drug Diversion: Doctor + Pharmacy + Beneficiaries = Big Problem

- Increase in diversion of anti-psychotics and other high paying meds
- Beneficiary Co-Conspirators
- Use of recruiters
- Diversion combined with medically unnecessary services





HHS Notes Trends Away From Scheduled Drugs

- High level of scrutiny of narcotics
- Stringent minimum sentencing guidelines if caught
- Disdain for narcotic crimes as “common street” and “not sophisticated”



Modern Popular Drugs

- Check your databases for high utilization of:
 - HIV Medications
 - Abilify, Seroquel, Zyprexa (anti-psychotics)
 - Lidoderm (anesthetic patch)
 - Plavix (prevents blood clots)
 - Spiriva (inhalant to prevent bronchospasms)
 - Opana (narcotic: alternative to Oxycontin)



Reimbursement for Non-Scheduled

- Zyprexa (10mg) = \$1383.00
- Seroquel (200mg) = \$831.00
- Abilify (5mg) = \$628.00
- Non-scheduled drugs diverted for the high reimbursement and because they are potentiators
- Do data analytics for non-controlled drugs



Part D Fraud: Recycling of Non-Controlled Drugs

Recycling” scam is the most common currently seen

- Involves beneficiary obtaining medically unnecessary script from co-conspirator physician (or by doctor shopping)
- Beneficiary is picked up by van and chauffeured to each location
- Get Rx filled at co-conspirator pharmacy
- Van driver gets drugs back from beneficiary, pays kickback to bene and physician, drives beneficiary home
- Pharmacy re-shelves the drug, often mixing lot numbers and expiration dates. Bill Medicare for drugs. Repeat.



Hybrid Scams

- Often the pharmacy engages in multiple aberrant billing behaviors
- Pharmacy will dispense generic and bill Medicare for brand. National average is 31% brand.
- Pharmacy will put patient on “auto-refill”. Refill script, bill Medicare. Patient doesn’t pick up med, reshelve the drug.
- Pharmacy may deal in opiates (legitimate pharmacies average only 2-3% narcotics). BUT, trend now is to stay away from narcotic scams (they know that’s on our radar). So look for a pharmacy billing ZERO narcs. This is not likely legitimate pharmacy if never receive even a codeine script.



What to Look For In Pharmacy Data

- Dramatic billing spike after change in ownership
- High refill rates (average refill rate = 55% of all claims)
- High percentage brand vs. generic (ave brand rate is 31%)
- Pharmacies with high/low schedule II/III (ave schedule II is 2%; ave schedule III is 3%)
- Look for gender specific drugs (estrogens, Viagra, oral contraceptives, Sildenafil)

See- **Retail Pharmacies With Questionable Part D Billing, May 2012: OEI-02-09-00600**, <https://oig.hhs.gov/oei/reports/oei-02-09-00600.pdf>

Pharmacy Case Analytics

NPI	Total Payment 2009	Av. Billed per Bene	Av. Billing per Prescrib	% Sched II	% Sched III	% Brand	Type	Total Payment 2011
XXX XX	\$278,851.00	\$22,387.00	\$43,522.00	0.0%	0.0%	99.1%	Indep.	<u>\$546,216,249.00</u>





© 2012 Google [Report a problem](#) Image Date: February 2009

Internet

100%





“Phantom” Pharmacy Scam

- Becoming less common as CMS improves ability to detect false provider locations (FPS and MEDIC analyses)
- Complete criminal enterprise, no hybrid of legitimate overlay. Only exist on paper, thus a “phantom”
- Register a fake pharmacy with CMS
- Steal physician ID through fake job offers
- Buy beneficiary numbers on black market, or through creative cold-calling and saying you are with Medicare and need to verify the HICN number.
- Use “nominee” owner on state records (street addict, J-1 student visa holder, etc)
- Transact through UPS mailbox and bill through laptop (watch for real-time billings on Sundays and holidays, as this is common)
- Often Eurasian organized crime involved in this, and is done in ethnic communities that are very closed and nobody talks.

\$3,713,202





Medicare Part A



- Skilled Nursing Facilities
 - Medically unnecessary therapy
- Hospitals
 - One day stays
- Hospice



Skilled Nursing Facilities

- SNF services now under PPS
- Patients given a Resource Utilization Group (RUG) Classification
 - Minimum Data Set (MDS)
- Manipulation of RUG through misrepresentation on MDS
- Excessive, Medically Unnecessary and/or Clinically Worthless Physical Therapy, Occupational Therapy and Podiatry Services
 - Life Care Centers

MINIMUM DATA SET (MDS) — VERSION 2.0
FOR NURSING HOME RESIDENT ASSESSMENT AND CARE SCREENING
BASIC ASSESSMENT TRACKING FORM

SECTION A: IDENTIFICATION INFORMATION

SECTION B: RESIDENT'S ACTIVITIES OF DAILY LIVING

SECTION C: RESIDENT'S CLINICAL STATUS

GENERAL INSTRUCTIONS

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Hospice

- Early or false diagnosis of terminal illness
- Continuous care in crisis situation
- Unqualified providers and facilities
- Beneficiary co-conspirators





Medicare Part B

- Home Health
- Pain Management
- Cardiology
 - Nuclear Stress Tests
 - Medically Unnecessary Heart Stents
- Diagnostic Lab & Radiology Services with undisclosed ownership interest by physician
- Ophthalmology
- DME





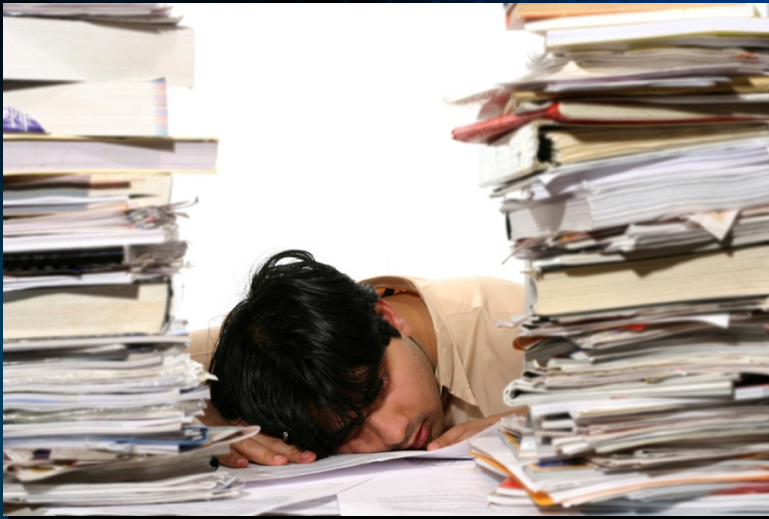
Medicare Home Health

- Ineligible Beneficiaries
 - Homemaker Services
 - Adult Daycare
- Beneficiary co-conspirators, patient recruiters
- Unlicensed & Unqualified Providers
- Billing for Services Not Rendered
 - Criminal Enterprises
 - High Dollar for Stolen HH Identities
- Recent connections to Medicaid personal care services
 - Home and Community Based Services to include family care



Durable Medical Equipment

- Continues to be in the top criminal, civil, and pending case types
- Organized Crime
- Pure Fraud Cases
- Identity Theft
- Telemarketing Scams
 - Diabetic Supplies
 - “Med-Care” telemarketers misrepresent themselves as Medicare





Medicare Part C

Recent Managed Care Schemes

- Upcoding of Diagnoses that Set Capitation Rates
- Failing to disenroll “phantom” beneficiaries (dead, moved, etc)
- Fruit Cocktail...





Part C Fruit Cocktail

- Cherry Picking
 - Selecting only the healthiest patients to increase profit margin
- Lemon Dropping
 - Plan manipulates membership & enrollment policies to avoid most costly members and...
 - Selectively disenrolling sickest and/or encouraging sickest to disenroll
- Shrinking Raspberry Container
 - Underutilization
- Grapefruit or Large Orange?
 - Hiding the results from CMS and HHS-OIG



Electronic Health Records

- Cybersecurity (PHI and PII)
- Auto-Population
 - Charting by Exception
- Revenue Maximization
- Audit Trail Features



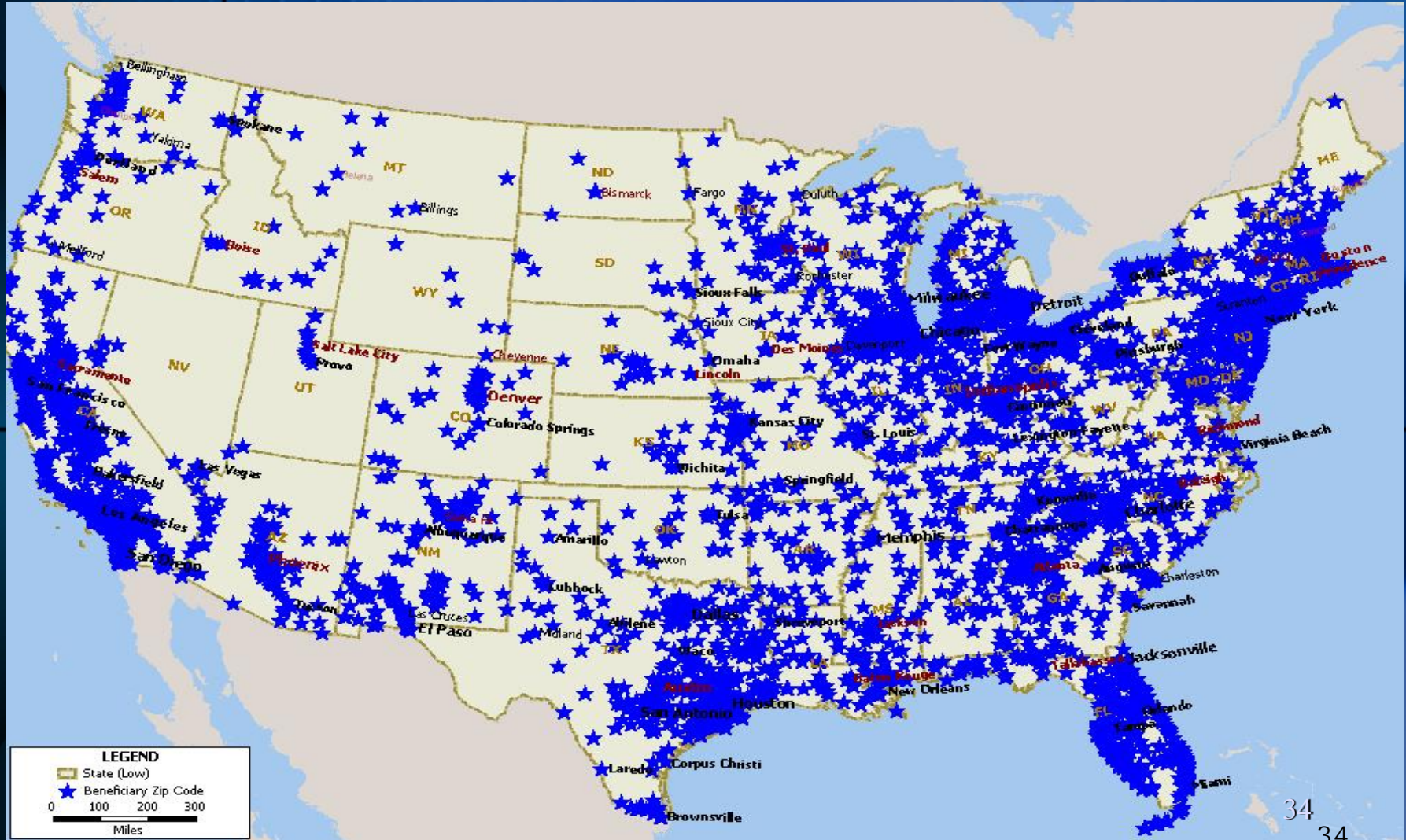


Fraud Trends – Med ID Theft

- Medical Identity Theft Brochure available on HHS-OIG Website
- Increasing activity by medical identity theft rings
- Benes receive calls from companies representing themselves as Medicare
- Compromised Number Coordination

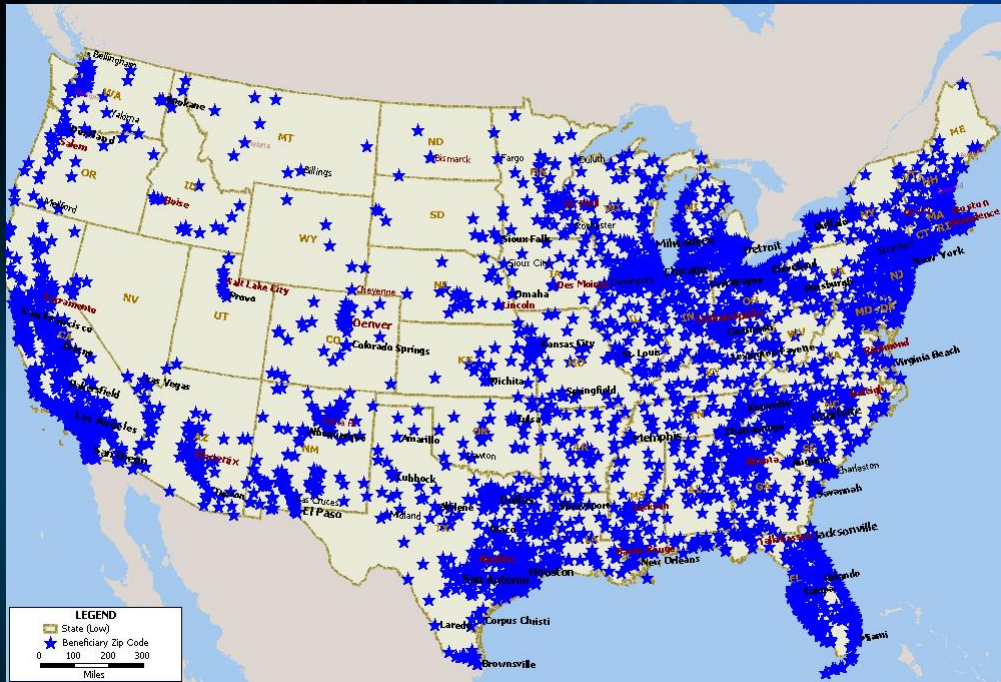
A screenshot of the HHS-OIG website. The header includes the HHS-OIG logo and the text 'Office of Inspector General, U.S. Department of Health & Human Services'. A search bar is on the right. The main navigation menu includes 'About OIG', 'Reports & Publications', 'Fraud', 'Compliance', 'Recovery Act Oversight', 'Exclusions', and 'Newsroom'. The main content area features a large banner for 'Medical ID Theft: Response to Breaches of Protected Health Data' with a sub-headline 'Nearly 14,000 Medicare patients affected over a 2-year period >>'. Below the banner are two columns: 'What's New' and 'Latest Enforcement Actions'. The 'What's New' column lists two items: 'October 22, 2012 Arrested: Doctor Fails to Pay More Than \$1 Million in Child Support' and 'New Hampshire Medicaid Fraud Control Unit: 2012 Onsite Review'. The 'Latest Enforcement Actions' column lists two items: 'October 18, 2012: U.S. Department of Justice Owner and Operator of Florida Halfway House Company Sentenced to 51 Months in Prison for Role in Medicare Fraud Scheme' and 'October 17, 2012: U.S. Department of Justice'. On the right side, there is a 'I'm looking for' section with a dropdown menu, an 'EXCLUSIONS DATABASE' button, and a 'REPORT FRAUD' button with a mobile phone icon. At the bottom right, there is a 'Stay Connected' section with links for Twitter, Podcasts, YouTube, and Email Updates.

Approximately 5,000 compromised Medicare provider numbers and 200,000 compromised Medicare beneficiary numbers





Zones of Safety in Florida





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