

# Insurance

## Medical Billing Fraud

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# Healthcare fraud: Partnership and progress while immense challenges remain

**Dennis Jay, Executive Director Coalition Against Insurance Fraud**

Healthcare fraud once again took center stage with the release of a report on Feb. 11 detailing the Obama Administration's efforts to clamp down on Medicare and Medicaid thieves.

This past year, the feds recovered a record \$4.2 billion, and \$14.9 billion over the last four years. Stepped-up efforts are returning \$8 for every dollar invested in anti-fraud activities.

Whether we're finally turning a corner and putting fraud thieves on the run is an open question.

But clearly the increased heat is having an effect. It's also a reminder of the immense challenges still facing anti-fraud professionals in the private sector. It's a crime that's being fought on many fronts simultaneously. And increasingly in much-needed partnerships as fraud fighters discover how the same widely organized gangs are infiltrating private and public insurers at once.

Several forces are at play on the improving Medicare front. Strike forces are rolling up organized rings in urban hotspots such as South Florida, Detroit and Houston. New predictive analysis increasingly allows HHS to spot dishonest Medicare payments in closer to real time. HHS is making a concerted effort to discard the ineffective pay-and-chase model that had made Medicare and Medicaid virtual pinatas for anyone looking to get rich quick.

New regulations also impose tougher screening of providers looking to get reimbursement from Medicare.

The Coalition Against Insurance Fraud was proud to be at the dais when HHS Secretary Kathleen Sebelius announced the tougher rules. "Used effectively, these new powers – in concert with enhanced technology, consumer education and collaboration with private insurers – should save taxpayers billions of dollars and bring more stability to government health programs," said the Coalition, which is celebrating its 20th anniversary this year.

That comment pulled together what's now happening: No single initiative will turn the corner on massive fraud against either taxpayer health programs or private insurers. It must be fought on multiple levels simultaneously.

Complicating the challenge is that organized crime is infiltrating healthcare fraud with greater force. Mobsters from Russia, Armenia, Estonia, Latvia and other former Soviet states have set up complex and highly insulated rings. They're also importing a culture of violence to insurance fraud.

Another trend: The same crime rings that are ripping off federal health-insurance programs are also defrauding private insurers. We've only begun exploring the full extent, but it's huge. An Armenian ring based in California, for instance, stole more than \$160 million with a variety of cons against health insurers before being taken down last year.

The Coalition helped found a new partnership among public and private insurers. The goal is to share best practices, uncover case leads, and coordinate long-term intelligence-gathering and joint strategies to combat this crime. The Healthcare Fraud Prevention Partnership includes HHS, the Justice Department, property/casualty and health insurers, and the leading anti-fraud organizations.

The Coalition co-chairs the executive board. Several anti-fraud initiatives are being developed and will be launched this year.

Another development being watched closely by the fraud-fighting community is the implementation of the Affordable Care Act and the possible opportunities for fraud that may emerge from confusion from new rule and systems. Medical identity thieves may make concerted efforts to hack the large volumes of information stored on databases, or access the information through insider jobs.

Cheaters might go door to door posing as federal operatives, requesting personal information in order to "sign up" for "mandatory" exchanges.

Fake health plans are another fraud trend currently circulating around the U.S. Crooks are selling what they say are comprehensive coverage, but deliver worthless pieces of paper, stripped down policies or discount medical cards. Logos of legitimate insurers have been placed on false websites. Sales pitches can be sophisticated, and many consumers have been saddled with thousands of dollars in hospital bills when their so-called policies wouldn't pay up.

The Coalition discovered this trend and has generated coast-to-coast news coverage warning consumers to watch out.

Medicare cons are similar. Sighted in at least 15 states, crooks are asking seniors for their medical identifiers and bank account numbers under various guises. One is that the feds need that information to issue seniors new Medicare cards — and also charging an illicit fee.

All of this points out the unique role the Coalition Against Insurance Fraud plays in bringing together a broad spectrum of organizations to combat all forms of healthcare fraud.



The Coalition Against Insurance Fraud was founded in 1993 as a national alliance of consumers, government agencies and private insurers to combat all forms of insurance fraud through legislative advocacy, consumer education and research. Coalition membership includes more than 100 local, national and international organizations that work to combat fraud.

For more information, visit [www.InsuranceFraud.org](http://www.InsuranceFraud.org).

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## Healthcare fraud: INFORM is proud to participate in the fight

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It is really great to be in a business where the fruits of our labor yield great benefits for society as a whole. We enjoy working with Dennis and his great staff at the Coalition and look forward to the Insurance Fraud Management Conference (IFM) in Orlando, March 10th through the 13th. We are not exhibiting this year, but will be attending the educational sessions and look forward to seeing you during the show.