



Medical Fraud and Abuse

February 10, 2021 | 2:00-3:00 p.m. ET

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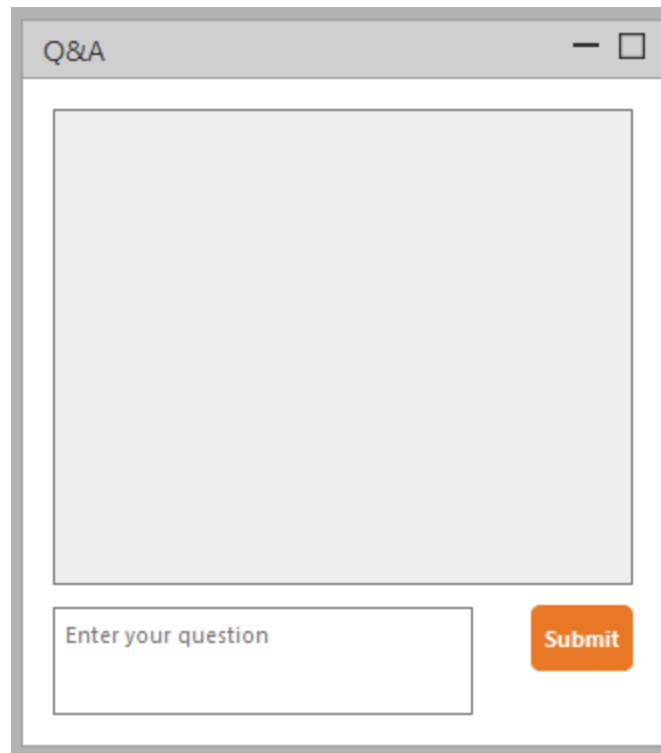
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2. Remain logged on for the entire webinar.
3. Answer **all three** poll questions.
To submit your answers, use the Submit button on your screen or put your answer in the Q&A panel.
4. You will receive an email from the CEU Institute on our behalf approximately **24 hours after the webinar**. This email will contain a link that you will use to submit for your CE credits. **You will need to complete this task within 72 hours.**

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Questions will be answered at the end of the presentation as time allows.

A screenshot of a Q&A interface window. The window has a title bar with the text "Q&A" and standard window control icons (minimize, maximize, close). The main area is a large, empty rectangular box. Below this box is a text input field with the placeholder text "Enter your question" and an orange "Submit" button to its right.

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- Let us know if you experience an issue that causes you to:
- Miss a poll question
- Have audio problems
- Log out
- Any other technical issue

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2. Remain logged in for the entire hour. If you get kicked out of the system just log back in, we track your total time.

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Related Content

-  Resources and Troubleshooting (opens in new window)
-  PDF of the Presentation (opens in new window)

Q&A

Enter your question *

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Presenter



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Associate General Counsel

Optum Workers' Comp & Auto No Fault

Workers' Compensation Medical Fraud & Abuse

- What are the implications and why do we care?
- Fraud vs. Abuse
- Who can commit it?
- Types of fraudulent conduct
- How is it enforced?
- Legal standards and penalties
- Red flags of fraud and abuse
- Improper billing procedures and fraudulent claims
- What should be done to report it?



What are the implications and why do we care?

Why do we care?

INSURANCE
FRAUD

over **\$80B** a year

PROPERTY & CASUALTY
INSURANCE FRAUD

over **\$40B** a year

Up to **10%** of all
property / casualty
insurance claims
are fraudulent¹

¹ Source: National Insurance Crime Bureau, "Workers' Compensation and Medical Fraud"

Why do we care?

**WORKERS' COMP
INSURANCE FRAUD**
\$6B a year²

In 2018 there were
2.5M non-fatal
workplace accidents³
(~ 3 injuries/100 FTEs⁴)

> 94% of American
businesses
carry workers'
comp insurance

Workers' comp fraud costs the
average U.S. consumer
over \$900 per year
in reduced paychecks and bonuses.

- ↓
- Higher insurance rates
 - Higher healthcare costs
 - Lost revenue

2 Source: Coalition Against Insurance Fraud

3 Source: FBI; National Ins. for Occupational Safety and Health

4 Source: US Bureau of Labor Statistics, US Department of Labor, November 2019



What is it and who can commit it?

Workers' Comp Fraud & Abuse – What is it?

ABUSE

A use of the workers' comp system other than as intended

FRAUD

An intentional deception or misrepresentation done to obtain an unauthorized benefit

Who can commit it?



EMPLOYEES



EMPLOYERS



MEDICAL PROVIDERS



ATTORNEYS



MARKETERS



**ANYONE IN THE
WORKERS' COMP SYSTEM**

Employees

THE
FALSE CLAIM

WEEKEND
WARRIOR
(NON WORK-RELATED)

SELF-INFLICTED
/INTENTIONAL
INJURY

EXAGGERATED
INJURY

DOUBLE
DIPPING

Employers

MISCLASSIFICATION
OF EMPLOYEES

LYING ABOUT
JOB SAFETY

NON-PURCHASE OF
WORKERS' COMP
INSURANCE

PREMIUM
EVASION

Medical Providers

FRAUDULENT
BILLING AND
BILLING CODES

UNNECESSARY
TREATMENTS

ILLEGAL
KICKBACKS

SOLICITING
/MEDICAL MILLS

PHARMACEUTICALS
AND MEDICAL
EQUIPMENT



Partners in fighting workers' compensation fraud / enforcement

Partners in Fighting Fraud / Enforcement Agencies

- State and Local Governmental Agencies
 - Departments of Insurance/Workers' Comp Fraud Unit
 - Offices of Attorney General
 - Medical Boards (i.e. Board of Pharmacy, Board of Nursing, etc.)
 - Local law enforcement agencies
- Federal Governmental Agencies
 - OIG/CMS (Medicare, Medicaid, CHIPs)
 - U.S. Department of Labor
 - FBI
- National Insurance Crime Bureau (www.nicb.org)
- Coalition Against Insurance Fraud (insurancefraud.org)
- Insurance Companies – Special Investigations Unit (SIUs)



Legal standards and penalties

Legal standards and penalties

- Which governing law is applicable?
- Which provisions of law apply?
(i.e., state workers comp laws, insurance laws, etc.)
- Does the activity implicate other types of fraud or causes of action?
(i.e., False Claims Act, Medicare or Medicaid Fraud, Federal Anti-kickback Statute, etc.)
- Penalties will depend on degree and type of fraud



Fraud case studies

Medical Fraud – Multiple Providers

United States v. Grusd, et.al; United States v. Iglesias et al; United States v. Garcia, etc

FACTS

In February 2019, dozens of marketers, attorneys, medical providers, lawyers and doctors pleaded guilty in federal court to a \$200M scheme that targeted seasonal, migrant workers in southern California and subjected them to unnecessary and sometimes painful medical procedures.



INVESTIGATING AGENCIES

- FBI
- San Diego District Office of Attorney General
- California Department of Insurance

OUTCOME: SENTENCING / FINES

- Prison time
- Forfeiture of monies collected
- Civil Fines
- Probation

Medical Fraud – Individual Provider



FACTS

A Springfield, Ohio nurse practitioner pleaded guilty and was convicted on 11/16/18 of felony drug trafficking for running a pain clinic without a license.

INVESTIGATING AGENCIES

- Special Investigations Department, Ohio Bureau of Workers' Compensation
- Ohio Board of Pharmacy
- Ohio Board of Nursing
- Ohio Attorney General's Medicaid Fraud Control Unit
- Ohio Bureau of Criminal Identification and Investigation
- Clark County Prosecutor's Office

OUTCOME: SENTENCING / FINES

- Three years in prison
- Ordered to pay restitution in the amount of approx. \$30k

Claimant Fraud

FACTS

In October 2020, a Daly City, CA man pleaded no contest to two felony counts of insurance fraud after illegally working for multiple employers while simultaneously collecting over \$85,000 in workers' compensation benefits from two insurance companies.



INVESTIGATING AGENCIES

- California Department of Insurance
- San Mateo County District Attorney's Office

OUTCOME: SENTENCING / FINES

- 60 days in county jail
- Three years probation
- Ordered to pay restitution of \$40k to SCIF, and additional monies to Travelers and his former employer



Warning signs of fraud



The Medical Treatment

- Frequent physician changes
- Request to change physicians after full RTW
- Inconsistent reports re: claimant's appearance or behavior
- No-shows for provider appointments

The Worker



- Injuries \neq accident facts
- Multiple versions of accident facts
- Unstable work history
- Subjective injury
- Uncooperative employee
- Disgruntled employee
- Early retirement; seasonal employee
- Excessive demands
- Address changes
- Pushy; wants a quick settlement
- Too familiar with workers' comp system

The Injury



- No witnesses
- Subjective injury
- Not reported promptly
- NOI does not come from the injured person
- Vastly differing medical opinions
- No medical basis for disability; MD's reports indicate a full recovery
- Disability claim > injury
- Accident occurs late on Friday or early Monday morning
- Odd timing or location
- Task that caused the injury is out of scope with claimant's job



Improper billing procedures

Examples of Improper Billing Procedures

- Creative Billing
- Self Referrals
- Upcoding
- Unbundling
- Product Switching
- Underutilization
- Overutilization
- Kickbacks



Identifying fraudulent claims

How can we identify fraudulent claims?

OVERUTILIZATION

- Understand the CPT or ICD-10 codes being used
- Does the prescribed treatment adhere to applicable standard of care?

UPCODING

- Be familiar with coding levels that are relevant to the treatment for a specific injury
- Is the diagnosis severity level supported by the patient's condition?
- Is there sufficient medical documentation?

BUNDLING AND UNBUNDLING

- Use of modifiers



Filing a report of fraud and abuse

Filing a Report of Fraud and Abuse

INTERNAL REPORTING

- Get familiar with your employer’s corporate policies and procedures re: fraud and abuse
- Be prepared – gather as much information as possible
- Reach out to your company’s SIU/call your company’s fraud hotline
- Gather all details of suspected scam, including names/phone numbers of suspected individuals, the amount of money involved and a description of the suspected fraudulent activity
- Compare reported office visits and medical treatments against medical bills to discover discrepancies and avoid unnecessary payments to medical providers

EXTERNAL REPORTING

- Report fraud to OIG online (<https://secure.ssa.gov/pfrf/home>)
- Report fraud to NICB by calling 1-800-TEL-NICB (1-800-835-6422) or texting the keyword “FRAUD” to TIP411 (847411) or submitting a form on www.nicb.org
- Your tip can be anonymous



Thank you!

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