Health Care Fraud: Whose Problem Is It?

Joel Alleyne
Executive Director
Canadian Health Care Anti-fraud Association (CHCAA)
Toronto, Ontario

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Honest Canadians? Yeah, right
By PAUL BRENT

So you don’t lie, cheat or steal? If you said ‘yes’ to that question, you’re just like everybody else. At least until the questions get a little more specific. A survey of Canadians found 95% of us feel we live our lives morally and that 81% think those around us do the same. That said, the survey from Ipsos Reid found we’re pretty flexible on our definition of morality. More than four in 10 (42%) Canadians say they would lie to get ahead in life and one-quarter would not turn in a loved one who committed a crime. Ipsos Reid also touched on the Ten Commandment hot buttons, but what they found was not reassuring: 17% of Canadians admitted that if they backed into someone’s car unobserved they would not leave a note; 12% would keep a wallet containing $100 in cash, and 10% would keep the extra money if a cashier mistakenly gave change for a $20 bill instead of a $10 bill. The same percentage (10%) admitted to having committed a crime and gotten away with it.
Health Care in Canada cont'd...

**Regulatory Framework**

- Health Professions Self Regulated
- Certification
- Disciplinary Action
Fraud Myth #1

“Canada Doesn’t Have a Fraud Problem!”

Where there is money, there is someone that wants to get that money even if not entitled

No verifiable statistics but studies suggest could be 2-10% of healthcare dollars
Health Care Spending

Canadian Health Care Spending 2005-2007

Expenditures (in billions C$)

Years

2005 2006 2007

130 135 140 145 150 155 160
Cost of Health Care Fraud

Private Sector 2.4 Billion C$*

Public Sector 5.6 Billion C$*

*Estimate based on a fraud rate of 5%
Canadian Health Care Anti-fraud Association

Vision

To improve the Canadian Health Care environment by eliminating health care fraud.
Canadian Health Care
Anti-fraud Association

Mission

Our mission is to combat health care fraud
and assist in restoring the integrity of the
Canadian health care system.
What is Fraud?

A working definition:

“Health care fraud is an intentional deception or misrepresentation that the individual or entity makes knowing that the misrepresentation could result in some unauthorized benefit to the individual, or the entity or to some other party.”

(National Health Care Anti-Fraud Association)

Three Key Elements:

Intent—Misrepresentation—Purpose
Only a few actual types...

- Billing for Services Not Rendered
- Treating outside of Scope of Practice
- Allowing Unlicensed Persons to Treat
- Kickbacks or Referral Payments
  - If illegal
- Over-utilization/over treatment
Health Care Fraud—What Is It?

Common Frauds:

• Identity Theft

• Fabricated Receipts

• Misrepresented Claim Details

• Unauthorized Alterations of Receipts
Other Fraud Schemes in Canada

- Double doctoring
- Office staff fraud
- Drug trafficking/diversion
Health Care Fraud cont'd

“Health care fraud remains uncontrolled, and mostly invisible....this problem represents one of the most massive and persistent fiscal control failures in their history.”

“For those who profit from it, health care fraud is not seen as a problem, but as an enormously lucrative enterprise, worth defending vigorously.”

Malcolm K. Sparrow
Professor, Harvard University—Kennedy School of Government
Fraud Myth #2

“The Insurance Company Just Doesn’t Want to Pay The Claim!”

Insurance carriers are obligated, contractually and legally, to process claims as your patient’s employers directs them.

Increasing utilization of benefits, especially in tight economic times, forces your patient’s employers to make tough decisions about what they can offer in employee benefit plans.
Fraud Myth #3

“Insurance Carriers Always Think It Is the Provider Committing Fraud!”

Absolutely Not! The carriers have seen so many types of fraud by so many different people that they do not assume anything.
Problems and Opportunities

On Several Fronts:

- Providers
- Plan sponsors
- General public/claimants
- Legislative (e.g., PIPEDA)
Problems and Opportunities cont'd

- Awareness of the problem
- Importance of the problem
- Solutions to the problem
- Senior level support
Activities

- **Raising Awareness**
  - Conferences/regional seminars
  - Sub-committees

- **Advocacy**
  - Privacy, legislative amendment
  - *Regulated Health Professions Act*
Activities

- **Communication**
  - Website, media, sharing information/expertise

- **Liaisons**
  - NHCAA, Law enforcement, regulators, US based carriers, HICFG, EHFCN, NHS ...
Why do it?—The Fraud Triangle

**Opportunity**
- Plan design
- Can get away with it

**Motive**
- Greed
- Ego
- Need

**Rationalization**
- “It doesn’t hurt anybody”
- “Others do worse”
- “I’m entitled to it”
- “The insurer makes so much money anyway”
Fighting Health Care Fraud

- Prevention
- Detection
- Investigation
Fraud Myth #4

“I’d Know It If Someone Pretended to Be Me!”

The Fraudster will do everything possible to make sure that doesn’t happen.
Identity Theft

“I used to work there”

“I applied for a job there”

“I don't even know that person”
Manage your Identity

is about a “trusted identity”

...in an “untrusted environment”

"On the Internet, nobody knows you're a dog."
SOME OTHER CASES...
Beauty treatments paid by insurance fraud

Last Updated: Monday, April 19, 2010 | 4:32 PM ET  Comments ▼ 138  Recommend ▼ 113

CBC News

Toronto-area beauty spas are offering esthetic treatments that are paid for through health insurance fraud, a CBC News investigation has found.

Customers, spa owners and registered massage therapists are participating in the schemes, which allow clients to receive treatments not covered by supplemental health insurance but claim them as legitimate treatments such as massage.

At one downtown Toronto spa, a $500 package for esthetic services could be claimed as a series of massage treatments.

"If you have insurance, if you pay $500, we put it in registered massage therapy. Your insurance company can pay for that," a spa manager revealed on hidden camera.

In exchange for the uninsured treatment, the manager offered six receipts for massage, five predated and one postdated. A registered massage therapist, who did not meet with the client, had signed them.

P.O.V.:
Insurance fraud: Where have you seen it?
A single employee in a medium- to large-sized firm was the ring leader in a massive health fraud scam that involved numerous employees and cost the employer and plan administrator approximately half a million dollars.
Pearson-based Air Canada workers charged in benefits scam

Six Air Canada employees are facing charges for allegedly filing more than $126,000 worth of fraudulent medical benefits claims, police say.

Peel Regional Police spokesman Const. George Tudos says the suspects would submit claims and be reimbursed for health services they didn't receive or pay for.

For example, one of the alleged con artists would file a dental claim with the airline without going to the dentist, Tudos says.

Five men were arrested Wednesday, while a sixth was taken into custody Thursday.
NB hospital execs jailed for fraud

Former judge, hospital CEO ran racket that saw them pocket MD signing bonuses

BY PETER WOODFORD

It’s tough to keep track of where money goes in a big organization like a hospital. That’s how a group of men at the upper echelons of a New Brunswick health authority were able to run their institution like a racket, swindling doctors and the community alike for years, and pocketing nearly a million dollars — including over $300,000 earmarked for new doctors — before getting caught.

After a long, complicated fraud trial over the running of the Miramichi Regional Health Authority, a total of 40 guilty verdicts came down on four men. They were sentenced on March 31. The harshest sentences were reserved for former provincial court judge and ex-chairman of the hospital board of directors Drew Stymiest — he got five years and will be forced to repay $219,000 — and former hospital CEO John Tucker — who will serve four-and-a-half years in prison and was ordered to repay $609,000 he freebooted from the community.

HOW COULD IT BE?
Perhaps best known as baseball legend Ted Williams’ favourite salmon fishing spot, the sleepy Miramichi Valley is where you’d least expect to find a hospital
Fraud Cases cont'd

- Dr. jailed for trafficking painkillers
- Drug addicts a hit with Vancouver pharmacy
- Fake nurse defrauds insurers
- Wanted Canadian doc tracked to Newcastle, UK.
Some Case Studies

- CBC TV Investigative report—dental
- A woman from Brampton charged with 234 counts of double doctoring and fraud for prescription narcotics
- A pharmacist charged with obtaining prescriptions for high priced drugs and paying the patient a percentage of the total prescription—not dispensing the meds however billing ON Gov. for the prescription.
- A US citizen charged who was receiving insured medical services for which he was not entitled
Canada helps shut down suspicious cancer clinic

Updated Fri, Feb. 21 2003 6:19 AM ET

Hester Riches, CTV.ca News Staff

Authorities from Canada, the U.S. and Mexico have shut down a dubious medical clinic that was treating cancer patients with magnets.

Most of the patients were from the U.S., and about 10 per cent were from Canada. The company was based in B.C., while the treatments were given at a clinic in Tijuana, Mexico.

Mexican authorities closed the clinic, while the U.S. government is suing CSCT Inc. of Naramata, B.C., and the Canadian Competition Bureau has opened a criminal probe.

The Tijuana clinic is typical of many that authorities from the three countries have been trying to shut down. These clinics prey on the desperately ill and charge a lot of money for dubious treatments.

The health care field, experts say, is a magnet for fraud artists. Their alleged crimes costs the health-care system -- private and public -- billions each year. And they target the most vulnerable.
Bhusmang Mehta
Labelling errors, failure to keep records, misidentified or inadequately identified drugs

Member: Bhusmang Mehta
Pharmacy: King West Pharmacy, Hamilton
Hearing Date: June 26, 2008

Facts
Mr. Mehta was the sole owner and Designated Manager of a pharmacy which he sold to Abadir Nasr in August 2004. Following the sale, Mr. Mehta continued to work at the pharmacy on a part-time basis, but was not involved in the purchase of drug products for the pharmacy.

Unapproved and Counterfeit Norvasc™
In March 2005, a patient who regularly had prescriptions for Norvasc™ filled at the pharmacy became concerned that the Norvasc™ looked significantly different from the Norvasc™ that had previously been dispensed to her. She raised her concerns with the pharmacist at a different pharmacy, and presented two vials of Norvasc™ to that pharmacist, both of which she had obtained from the pharmacy where Mr. Mehta worked pursuant to prescriptions. That pharmacist forwarded the vials to Pfizer Inc., the manufacturer of Norvasc™. Pfizer carried out an analysis of the drug products in May 2005 which revealed that the tablets in one of the vials were manufactured by Pfizer for sale in Turkey, but were not approved for sale in Canada ("unapproved Norvasc™"). The tablets in the other vial contained little or none of the active ingredient in Norvasc™ ("counterfeit Norvasc™"). Pfizer contacted the RCMP about the Norvasc™ dispensed by the pharmacy in May 2005. Pfizer also arranged for a private investigator to attend at the pharmacy in May 2005, posing as the patient, to fill a prescription for Norvasc™. The drug product dispensed was then analyzed by Pfizer, and was
Abadir Nasr

Purchase and dispensing of counterfeit and/or unapproved prescription medications, labeling errors, failure to keep records, failure to maintain patient confidentiality, misidentified or inadequately identified drugs, expired drugs, and narcotic discrepancies

Member: Abadir Nasr

Pharmacy: King West Pharmacy

Hearing Date: September 6, 2007

Facts

Mr. Abadir Nasr was 51% shareholder and the sole director of the corporation that owned and operated King West Pharmacy ("the Pharmacy") in Hamilton. He was the designated manager of the Pharmacy and worked there as a dispensing pharmacist. His father, who was licensed to practice pharmacy in Egypt but not in Ontario, was 49% shareholder. Following the events described below, the Pharmacy was sold to an unrelated third party in or about August 2005.

UNAPPROVED AND COUNTERFEIT NORVASC

A patient who regularly had prescription for Norvasc filled at the Pharmacy noted in March 2005 that the Norvasc looked significantly different from the Norvasc that had previously been dispensed to her. She raised her concerns with the pharmacist at a different pharmacy, and presented two vials of Norvasc to that pharmacist, both of which she had obtained from the Pharmacy pursuant to prescriptions.

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Some Case Studies

- Foot care practitioners charged with submitting fraudulent claims to OHIP
- A Pharmacy case—fake Norvasc medication being dispensed to clients and the coroner investigating if this contributed to the deaths of multiple patients
- A Canadian pair who were charged over their fake Cancer clinic—this affected over 800 patients in Mexico totaling 12 million dollars
Why are Canadians hanging their hopes on this machine?

FEB. 27/09 UPDATE: Is the EPFX still allowed to be sold in Canada?

When you're sick, you'll do anything to get better. For those suffering with a serious illness, they are desperate for a miracle cure.
Surgeon works in Canada after surrendering licence in Arizona

Dr. Fernando Casses facing complaints from some B.C. patients

Several people in Quesnel, B.C., have filed complaints about their hospital's general surgeon, Dr. Fernando Casses. They claim they suffered needlessly — and were damaged permanently — when he failed to address serious complications from his surgeries.

"He said to me, "Lady, you just had surgery. Go home and have a hot bath,"" said Tammy Mead, who said she ended up at "death's door" following routine gallbladder surgery at G.R. Baker Memorial Hospital.

"After the third day, I knew there was something wrong — because I was throwing up green bile. He had cut my liver, my bowel and my intestine," Mead said.

Mead and several other complainants said they were also shocked to learn Casses had been asked to leave his medical practice in Arizona, but was later granted a permanent licence to practise in B.C.

After Casses "dismissed" her symptoms on followup, Mead said, her husband rushed her to another hospital, where other doctors performed emergency surgery.

"If I wouldn't have taken Tammy to Prince George — to emergency — she wouldn't be here today," said Chuck Mead.
Fraud Cases cont'd

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Fraud Myth #5

“The Insurance Company Will Recognize If They See a Different Receipt For Me.”

Millions and millions of claims are processed in Canada each year.

More and more claims are processed electronically without being viewed by a person.

Would cause massive delay in claim payment to check receipts.
Fraud Myth #6

“My Patient Wants Me to Use a Different Date on The Receipt, What’s The Harm?”

Different date, different patient, different service—no difference—misrepresentation

Knowingly issuing a false document may result in criminal charges.
Fraud Myth #7

“My Patient Would Never Change My Receipts!”

Altered receipts are not uncommon.

There are things you can do to reduce this potential
Best Practices—Receipt Style

Minor Changes To Receipts Can Make a Big Difference!

- Avoid hand-written receipt books
- Add features that are hard to copy
- Add colour
- Be legible
Best Practices—Receipt Details

Minor Changes To Receipts Can Make a Big Difference!

- Always sign your receipts at time of treatment
- Don’t let others sign receipts on your behalf.
- Cheque writing controls
- No spaces in front of digits
- Spell out numbers
- Label replacement receipts clearly as replacements with the original receipt number
Best Practices—Receipt Details cont’d

Detail, detail, detail!  Accuracy, accuracy, accuracy!

• More detail—less potential for alteration or fabrication
  • Detail service description
  • Exact amount charge
    • Amount charged if different from regular charge
  • Date of service (date of payment if different)
  • Patient name even if paid by someone else
Audit vs. Investigation

Audit is a process to check whether the accounts are properly maintained as per required norms following all the procedures and to point out any lapses in this line.

Investigation is done when a lapse has been identified and that a research is done to identify the reason and person involved to determine the responsibility for such lapse.
Best Practices—Internal Control

Don’t Just Be a Great Massage Therapist—Be a Great Business Person as Well!

- Don’t leave signed receipts at front desk
- Unique receipt numbers—record in treatment record
- Check front-office records
- Be suspicious if front-office doesn’t want to share details
Best Practices—Embrace Audits

Many an audit has uncovered fraud against a provider!

✓ Respond to audits yourself
✓ Keep good records including receipt details and numbers
✓ Be wary of patients that ask that you don’t respond to audits or that you change details
✓ Call the carrier if you have concerns rather than refuse to respond
Taking a Bite out of Health Care Fraud
The Consequences

- Premium increases
- Decrease in the quality of coverage
- Inability to continue to provide insurance coverage
- Things (goods and services) cost more...
Strategic Partnerships

PARTNERS
DOMESTIC AND INTERNATIONAL

GOVERNMENT

LAW ENFORCEMENT

BENEFIT PLAN SPONSORS

OTHER INSURERS/ASSOC'S

PATIENTS/PUBLIC

PROVIDERS
Thank you

Questions?