



THE OHIO  
SOCIETY  
OF CPAs

May 14, 2014  
Youngstown State University

## YSU CPE Day

Greg Blate, CPA, CFE, CBA  
Veritas Solutions Group L.L.C.

### Healthcare Fraud – Where Does It Hurt?

Session #001

#### Upcoming Events

**Cleveland Spring CPE Conference – May 23, 2014– Course #46375**

*A whole new CPE season starts with the beginning of spring, and our annual Cleveland Spring CPE Day Conference is a fantastic way to get all the latest news you can use on a variety of topics important to you and your profession. There is so much happening with new regulations, the new health care law and the competitive environment continues to be a strain on all businesses, and with the ability to get information from virtually anywhere, it's hard trying to cut through it all to get to what you need to know. Join us at the Cleveland Spring CPE Day conference and let us help make that easier by providing you with the information you need, from the experts you know, and the industry leaders you trust. Plus it's a great time to network with your peers and satisfy your three-hour ethics requirement. Being close to home with great topics and great speakers this event has it all.*

**Akron Spring CPE Day– June 27, 2014 – Course #46391**

*Join OSCPA for one of the most popular CPE events in Northeast Ohio. The 2014 Akron Spring CPE Day conference is coming soon and it's the place to be to get information on just about anything, anytime from a variety of sources. At this conference we're going to help make that process easier by providing you with the information you need on the topics important to you and your industry. This is a great opportunity to learn from the experts and industry leaders you know and trust, plus you can satisfy your three-hour ethics requirement and network with your peers.*

· **Be sure to visit the Events Catalog at [store.ohioscpa.com](http://store.ohioscpa.com) for more continuing education opportunities.**

**NOTICE TO READERS:**

These course materials have been prepared solely for continuing education purposes. Since the subject matter has not been considered and acted upon by senior technical committees of The Ohio Society of CPAs, it does not represent an official position of the Society

# Where Does it Hurt?

A Fraud Guide for the Health Care Industry

**Veritas** solutions Group LLC  
Standing For Truth



**Greg Blate, CFE, CPA, CBA**  
**Managing Director**  
**Veritas Solutions Group LLC**

**Veritas** solutions Group LLC  
Standing For Truth



## Health Care Fraud



How do you define it?



## Fraud Report

- Organizations lose 5% of revenues to fraud
- Health care fraud statistics
- 72% of fraud involves employees
- Best way to limit fraud losses:
  - understand fraud risk areas
  - Early detection
  - implement prevention practices



## Health Care Fraud Challenges

- Huge industry
- Regulation & legislation
- Significant volume of transactions
- Lots of players – competing priorities
- Dynamic landscape makes fraud prevalent



## 1. Phantom Billing

### What it is...

- Provider or facility submits claim forms to government health care plans or insurance companies for services and care that were never provided.

### Finding it & Fighting it...

- Review documentation – identify inconsistencies or missing information
- Talk to patients
- Talk to employees (former & current)
- Implement best practices



## 2. Billing for a Non-covered Service as a Covered Service

### What is it?

- Provider or facility submits claim forms to government health care plans or insurance companies for services and care that have been intentionally coded for a different, covered service. (common with experimental treatment)

### How do you find it & fight it?

- Review documentation – look for few “non-covered services”
- Identify trends within patient records
- Talk to patients
- Talk to employees (former & current)
- Implement best practices



## 3. Misrepresenting Dates of Service

### What is it?

- Provider or facility submits claim forms to government health care plans or insurance companies for services on multiple dates to increase “office visit fees”

### How do you find it & fight it?

- Review documentation – look at “date of service”
- Identify trends within patient records
- Talk to patients
- Talk to employees (former & current)
- Implement best practices



## 4. Misrepresenting Locations of Service

### What is it?

- Provider or facility submits claim forms to government health care plans or insurance companies for services rendered at locations other than where the service was provided

### How do you find it?

- Review documentation – consider if anything was self-administered
- Identify trends within patient records
- Talk to patients
- Talk to employees (former & current)
- Implement best practices



## 5. Uncredentialed or Misrepresenting Provider / Fictitious Company

### What it is...

- Provider or facility submits claim forms to government health care plans or insurance companies for services rendered by a different provider – impacting the payments received

### Finding it & Fighting it...

- Review documentation – are volume of patients seen reasonable and likely?
- Identify trends within patient records
- Talk to patients
- Talk to employees (former & current)
- Implement best practices



## 6. Waiving of Deductibles & Co-Payments

### What it is...

- Provider or facility waives co-payments or deductibles to increase treatment, and may offset with other non-provided service claims

### Finding it & Fighting it...

- Review documentation – can cash payments be identified?
- Identify trends within patient records
- Talk to patients
- Talk to employees (former & current)
- Implement best practices



## 7. Code Manipulation - Incorrect Reporting of Diagnosis or Procedures

### What it is...

- Provider or facility make claims that inflate the billing through intentional misdiagnosis or through unbundling services

### Finding it & Fighting it...

- Review documentation – look for typical unbundling schemes
- Identify trends within patient records
- Talk to patients
- Talk to employees (former & current)
- Implement best practices



## 8. Overutilization of Services

### What it is...

- Provider or facility providing unnecessary services – more common in mental health and addiction areas

### Finding it & Fighting it...

- Identify typical areas for abuse & exercise judgment- review documentation
- Identify trends within patient records
- Talk to patients
- Talk to employees (former & current)
- Implement best practices



## 9. False or Unnecessary Issuance of Prescription Drugs

### What it is...

- Abuse in the distribution of prescription medications – typically with high street-value drugs like painkillers

### Finding it & Fighting it...

- Review documentation
- Know your employees
- Talk to patients
- Talk to employees (former & current)
- Implement best practices





## 10. Corruption

### What it is...

- Any type of scheme that includes collusion, bribery, kickbacks for referral fees, covering or participating in unethical or fraudulent behavior. Payments are likely disguised or in the form of other gifts.

### Finding it & Fighting it...

- Review trends in business
- Talk to patients
- Talk to employees (former & current)
- Talk to vendors
- Implement best practices



## Employee Behaviors to Watch

- Comes in early, stays late
- Takes on additional responsibility
- Rarely complains
- Has management's trust
- Has access to everything
- Attentive to customer complaints
- Personal financial troubles are resolved



## Non-Provider Schemes - Beneficiary

- Identify “borrowing” or theft
- Receipt of home health services
- Selling prescription drugs
- Death or divorce
- Doctor shopping



## Non-Provider Schemes - Insurers

- Failure to pay claims
- Submission of fraudulent claims
- Savings pass-alongs
- Illegal sales practices



## How Can you Manage the Bleeding?

- Train & educate employees on what constitutes fraud and unethical behavior
- Implement steps to deter fraud
- Have a fraud risk assessment performed
- Provide employees (and clients & vendors) with access to a Fraud Reporting Hotline



## Detection of Fraud Schemes

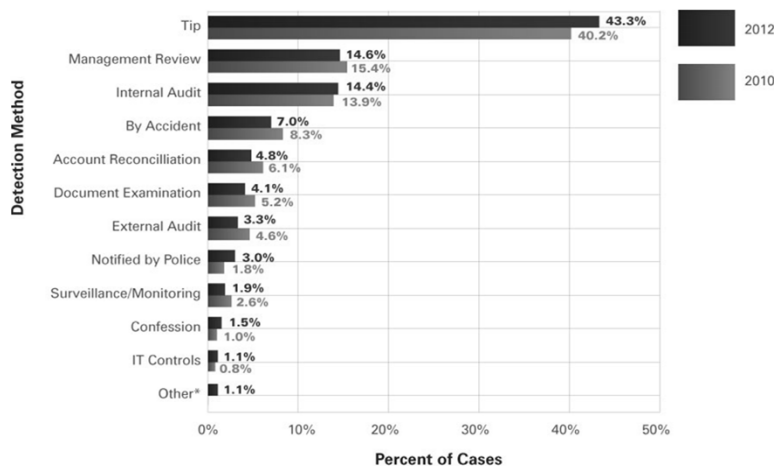


**Frauds are much more likely to be detected by tips than by any other method**



## Detection of Fraud Schemes

### Initial Detection of Occupational Frauds



## Steps to Deter Fraud

1. Run pre-employment background checks
2. Run ongoing credit and background checks
3. Require employee vacation
4. Pay attention to your employees
5. Pay attention to your customers/patients
6. Pay attention to your vendors



## Steps to Deter Fraud (continued)

7. Establish ethics policies, including implications for violations
8. Institute policies to increase probability of fraud detection – Fraud hotline
9. Act swiftly if fraud is detected
10. Create environment where it is understood that fraudsters will be detected and subject to prosecution



## How To Respond

- Do not terminate the suspect
- Do not confront or attempt to inspect employee files or computer
- Contact competent, legal counsel
- Contact insurance agent
- Contact competent investigator



**Greg Blate, CFE, CPA, CBA**

**Managing Director**

**Veritas Solutions Group LLC**

**4505 Stephen Circle**

**Suite 200**

**Canton, OH 44718**

**330-266-4116**

**greg.blate@VeritasSG.com**



Header Text Placeholder  
for Divider

