Detecting and deterring
How employers can contain health care fraud, waste and abuse

Health care in the U.S. encompasses a large and complex system fueled by large sums of money. Unfortunately, it is also a system that is ripe for fraud.

Add to that a general unfamiliarity and uncertainty about how many aspects of the system operate, especially since the implementation of the Affordable Care Act (ACA), and you have an invitation to deceive.

“Positively, the ACA has created some new tools to combat health care fraud and abuse,” says William Gedman, CPA, CIA, CHC, vice president of Fraud & Abuse and chief compliance officer for UPMC Insurance Services Division. “The law has created tougher rules and sentences for health care fraud. But new rules and regulations can also mean those that want to do wrong just come up with new scams.”

Smart Business spoke with Gedman about fraud, waste and abuse in this new era and how employers need to be diligent about containing it.

What is health care fraud and abuse?
Under the Health Insurance Portability and Accountability Act, fraud is defined as knowing and willful attempts to defraud any health care benefit program. Abuse is defined as acts that are inconsistent with sound medical or business practice.

The most common types of fraud and abuse are misrepresentation of services, altering claim forms for higher payments, billing for services not performed and providing medical services that are unnecessary based on the patient’s condition.

Waste can be defined as extravagant, careless or needless utilization of health care benefits or services that result from deficient practices or decisions.

How extensive is the problem?
According to the National Health Care Anti-Fraud Association (NHCAA), fraud and abuse in the health care system is estimated to cost tens of billions of dollars a year. There also can be a physical safety risk for people who are subjected to inappropriate medical services or given services by providers who are not licensed or qualified to provide them.

Because the health care billing and reimbursement process, coding convention and compliance requirements (including those of the ACA) are so complex, it almost fosters an abusive system. The complexity can make fraud difficult to detect, and the creativeness of abusers adds to the challenge.

Has the ACA had a positive impact on curbing fraud and abuse?
Yes. Part of the ACA includes an assortment of tools to fight fraud. These include new rules and sentences for criminals, enhanced screening of providers and suppliers, state-of-the-art technology such as advanced predictive modeling technology that targets highly suspect behaviors, as well as an additional $350 million over 10 years that will be used to boost anti-fraud efforts.

What can an employer do to protect employees from health care fraud?
Education is a must. People need to understand the possible types of fraud, waste and abuse. Employers should be very selective and demanding when choosing an insurance carrier. Make sure your insurer has strong controls to detect and prevent fraud and the infrastructure to investigate and partner with law enforcement to prosecute cases of fraud and abuse.

Awareness is essential for protection against fraud. Employees must educate themselves about potential types of fraud, waste and abuse, and play an active role in their health care. Ask questions of providers if you are not sure about their course of care. Also, closely review your Explanation of Benefits and understand all services rendered and billed to your insurer. This is the only way to determine if you and your insurance company are being appropriately charged for services performed or supplies/equipment provided.

Finally, both employers and employees should be aware of organizations or agencies that play a significant role in educating about health care fraud, waste and abuse. Those organizations also play a role in lobbying for new or revised regulations, partnering with law enforcement and/or prosecuting cases. At the top on the list would be the NHCAA (www.nhcaa.org) and government agencies such as the Department of Justice and the Centers for Medicare and Medicaid Services.