

# What Consumers Need to Know About HealthCare Fraud

*By*

**Cheri Gillfillan  
Stacie Hoover  
One Source Advisors, Inc.**

Healthcare fraud is a serious issue plaguing the healthcare system. It is draining the system financially and can jeopardize the security and healthcare of consumers.

Healthcare fraud is a crime. People who commit these crimes can face imprisonment and hefty fines. It is committed when someone intentionally submits or causes someone to submit false or misleading information that results in altering the amount of healthcare benefits paid.

Healthcare fraud is not only costly (the National Healthcare Anti-Fraud Association estimates that it costs Americans an estimated \$33-\$55 billion annually or about 3-5% of our nation's healthcare expenditures); it can also jeopardize a consumer's health and their rights to future healthcare services.

It is important to note that the overwhelming majority of individuals who work or interact in the healthcare system are honest. However, in the hands of fraud perpetrators, telemarketing techniques, false or altered billing codes, forged documents and computer technology are powerful tools used to illegitimately collect billions of dollars every year from unsuspecting consumers and their health insurers.

What is healthcare fraud? It involves falsifying a patient's medical condition or treatment history. There are many different schemes in which this is done. Each scheme deliberately and callously jeopardizes a patient's well-being and physical safety.

Some of the more common schemes are:

- **Phantom Billing**- adding claim charges for services never performed or using genuine patient names and health insurance information as the basis for fabricating claims.
- **Upcoding**- Charging for a more expensive service such as a visit to a specialist when the patient actually saw a nurse or an intern.
- **Doctor Shopping**- When a patient bounces from one doctor to another in order to obtain multiple prescriptions for controlled substances
- **Providing Unnecessary Care**- Providers running unnecessary tests, surgeries or other procedures.
- **Misrepresenting Services**- Performing uncovered services but billing insurance companies for different services that are covered.

- **Unbundling**- Charging separately for procedures that are actually part of a single operation or procedure.
- **Masquerading as Healthcare Professionals**- Delivering healthcare services when they are not licensed to do so.

In one case, a man began experiencing anxiety attacks and sought treatment with a psychiatrist. The man eventually exhausted his benefits for the year. When this occurred, the psychiatrist illegally and unethically started billing under the man's wife's name. Once her benefits were exhausted, the doctor began submitting bills for the man's 6-year-old daughter. Therefore, the man's wife and daughter exhausted their benefits for that year without ever receiving care.

This case not only cost the insurance company more money, and exhausted the wife's and daughter's benefits, the claims submitted under the wife and daughter will stay on their permanent health record. This will follow them when they apply for health, life, disability insurance, etc. and possibly even when they apply for a job.

Everyone is affected by healthcare fraud. There are many different kinds of fraud, big and small, but all together it adds up to billions of dollars in lost healthcare, higher taxes to support federal healthcare programs and most of all higher health insurance premiums to consumers.

Protect your future healthcare options and those of your loved ones by looking out for fraud. Recognize obvious scams. When it sounds "too good to be true", it probably is. Be skeptical of free medical exams, co-payment waivers, or advertisements stating "covered by insurance".

Your health care card is as valuable as your credit card. If lost or stolen, report it immediately. The information on your card can be used to gain access to pharmacy or medical services that will be on your permanent medical history.

Read all of your Explanation of Benefits (EOB) from the insurance company. Make sure the service billed is the service received. If there is a question or discrepancy call the provider's office first to see if you can get it resolved. A lot of times it is just a clerical error, but better to be sure.

If you do suspect fraud, contact your health insurance carrier immediately.

Other agencies that investigate fraud:

- City, County State and Federal Law Enforcement Agencies
- Justice Department through the Assistant U.S. Attorney General's Office
- Federal Bureau of Investigation (FBI)
- Postal Inspectors
- Department of Health and Human Services (HHS)
- Food and Drug Administration (FDA)
- Office of Inspector General (OIG)
- National Healthcare Anti-Fraud Association