



PROVIDING
CREATIVE SOLUTIONS
SINCE 1979

FRAUD DOWN/ENFORCEMENT UP

Improper Medicare payments are down – dramatically. In fiscal year (FY) 1996, improper payments were estimated at more than \$23 billion. In FY 1998, such payments were estimated at \$12.6 billion, a 45% decrease.

The Office of Inspector General noted five reasons for the downturn: HCFA's effort under the Medicare Integrity Program, fraud and abuse initiatives, improved provider compliance, outreach efforts to educate providers on Medicare documentation rules and HCFA's corrective action plan.

The report identified \$9.3 billion in overpayments for unnecessary medical services and upcoding to receive higher reimbursements. Improper payments resulted from inadvertent mistakes to outright fraud and abuse.

Inspector General Brown calls the decrease "a truly remarkable achievement." So, can physicians relax when it comes to potential fraud investigations? Unfortunately, no. President Clinton has submitted a legislative package that would provide even more tools to HCFA to root out fraud and abuse. The FBI's role is growing, and the AARP tolled out its own anti-fraud campaign on February 24th.

The President's Plan

Nearly all (90%) of FY 96 Medicare overpayments were identified through government audits. It's not surprising, then, that one aspect of the president's plan includes making Medicare contractors more aggressive in identifying and reporting fraud.

Medicare contractors are now required to report any and all overpayments, no matter how small the amounts involved. In addition, the government has formed "fraud surveillance units" to conduct investigations and audits in lieu of contractor reluctance. The first such units are scheduled to start their work this spring. Finally, private insurers must report to HCFA all the working Medicare beneficiaries they insure.

FBI Role Expanded

If that's not enough, consider the Federal Bureau of Investigation's expanded role in healthcare fraud. The FBI now has \$66 million to conduct these investigations; by 2002, that figure will rise to \$114 million.

The FBI reports more than 400 agents are investigating 2,800 cases of healthcare fraud. The agency also handles "qui tam," or whistleblower cases. Since 1992, the number of qui tam cases filed has risen from 17 to 283 in 1998.

The medical fraud and abuse momentum created over the past 2 years will continue to roll against physicians in 1999. Physician organizations, such as the American Medical Association, continue to lobby Congress to stop what they term "abusive" practices in fraud and abuse investigations.

In the meantime, though, physicians should monitor their business practices to avoid becoming another healthcare fraud statistic.