



# Fraud Trends & Emerging Issues

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Presentation to IL Senior Medicare Patrol





# Overview

- Fraud Trends
- Specialty Areas of Concern
- Strike Force Accomplishments
- How to Detect and Report Fraud & Abuse





# MEDICARE

- A Federally funded health insurance program for individuals 65 or older, with certain disabilities or end stage renal disease.
- Consists of 4 “Parts”
  - Part A – Hospital Insurance (inpatient)
  - Part B – Medical Insurance (outpatient and medical equipment)
  - Part C – Medicare Advantage (managed care plans)
  - Part D – Prescription Drug Coverage





# MEDICAID

- A joint federal and state health insurance program for individuals with limited income. Administered individually by the states.
- Includes benefits not otherwise covered by Medicare (nursing home care and personal care services).
- Usually involves a 50 to 75 percent contribution by the federal government.
- A beneficiary can be “dual eligible” (Medicare & Medicaid).





# PATIENTS NATIONWIDE

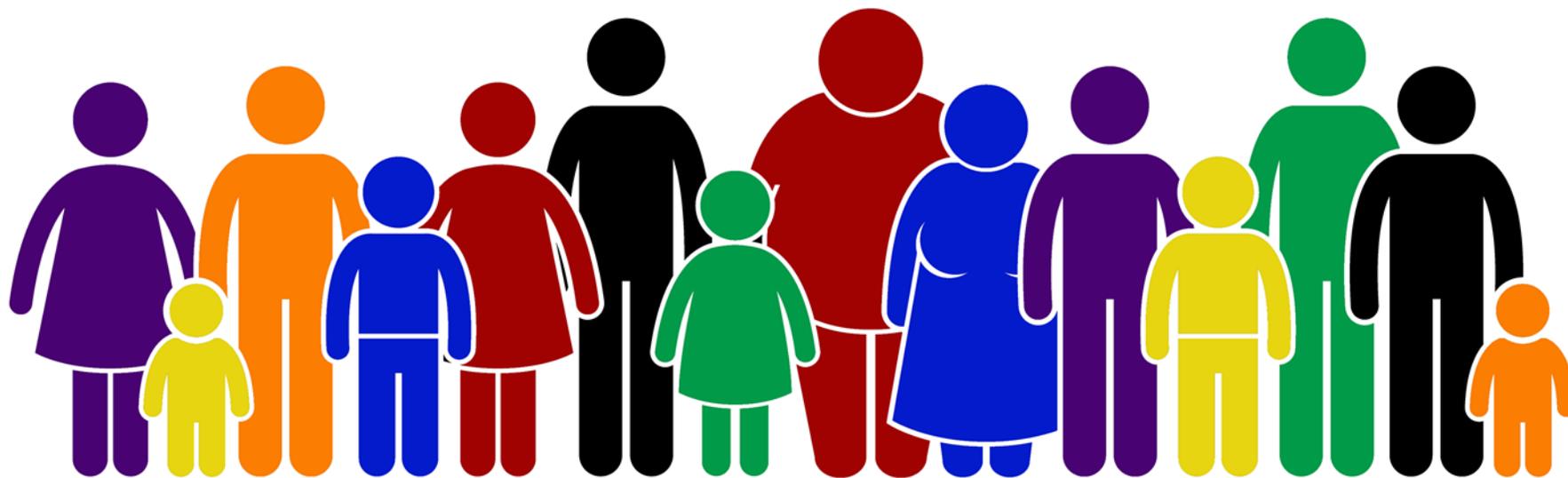
<b>Medicare (avg monthly)</b>	<b>CY 2016</b>	<b>CY 2017</b>	<b>CY 2018</b>
<b>Parts A and/or B</b>	<b>57.0</b>	<b>58.4</b>	<b>59.1</b>
<b>Aged</b>	<b>48.1</b>	<b>49.7</b>	<b>50.3</b>
<b>Disabled</b>	<b>8.8</b>	<b>8.8</b>	<b>8.8</b>
<b>Medicaid (avg monthly)<sup>3</sup></b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total</b>	<b>70.8</b>	<b>72.4</b>	<b>75.1</b>
<b>Aged</b>	<b>5.7</b>	<b>5.8</b>	<b>6.0</b>
<b>Blind/Disabled</b>	<b>10.6</b>	<b>10.6</b>	<b>10.7</b>
<b>Children</b>	<b>28.1</b>	<b>28.2</b>	<b>30.0</b>





# MEDICARE & MEDICAID

1 in 3  
Americans





# PATIENTS & PAYMENTS 2016

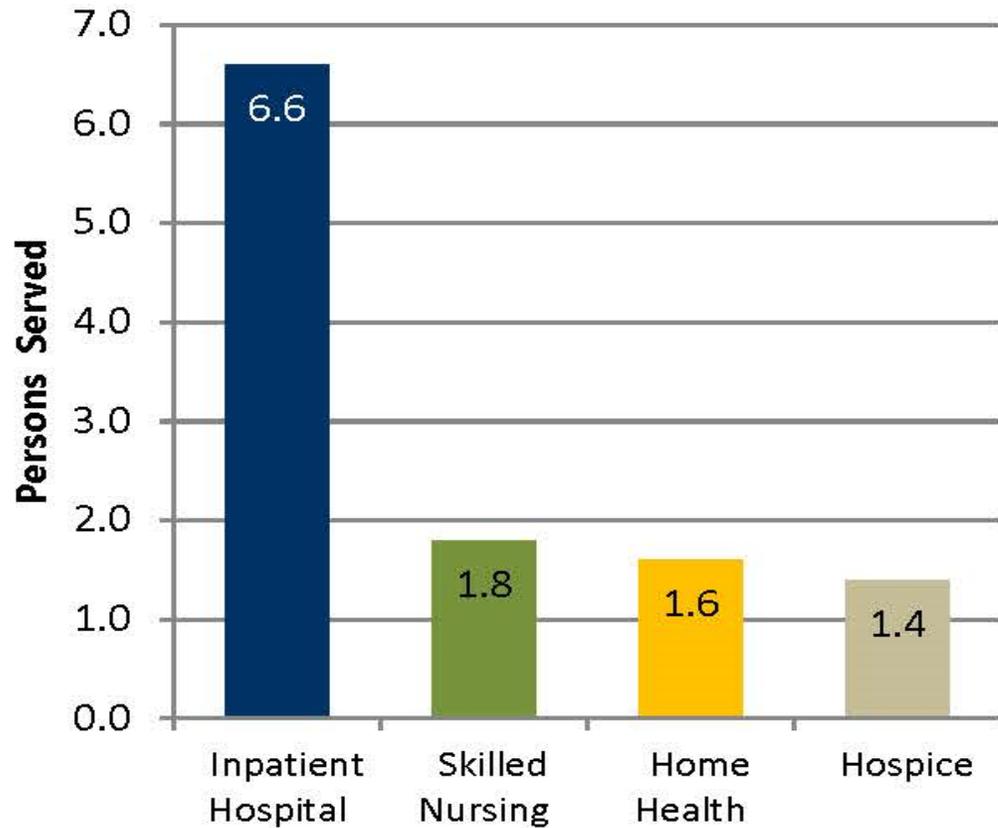
	(in millions)	(in billions)
Total Parts A&B	34.8	\$368.7
Part D	40.5	\$99.5



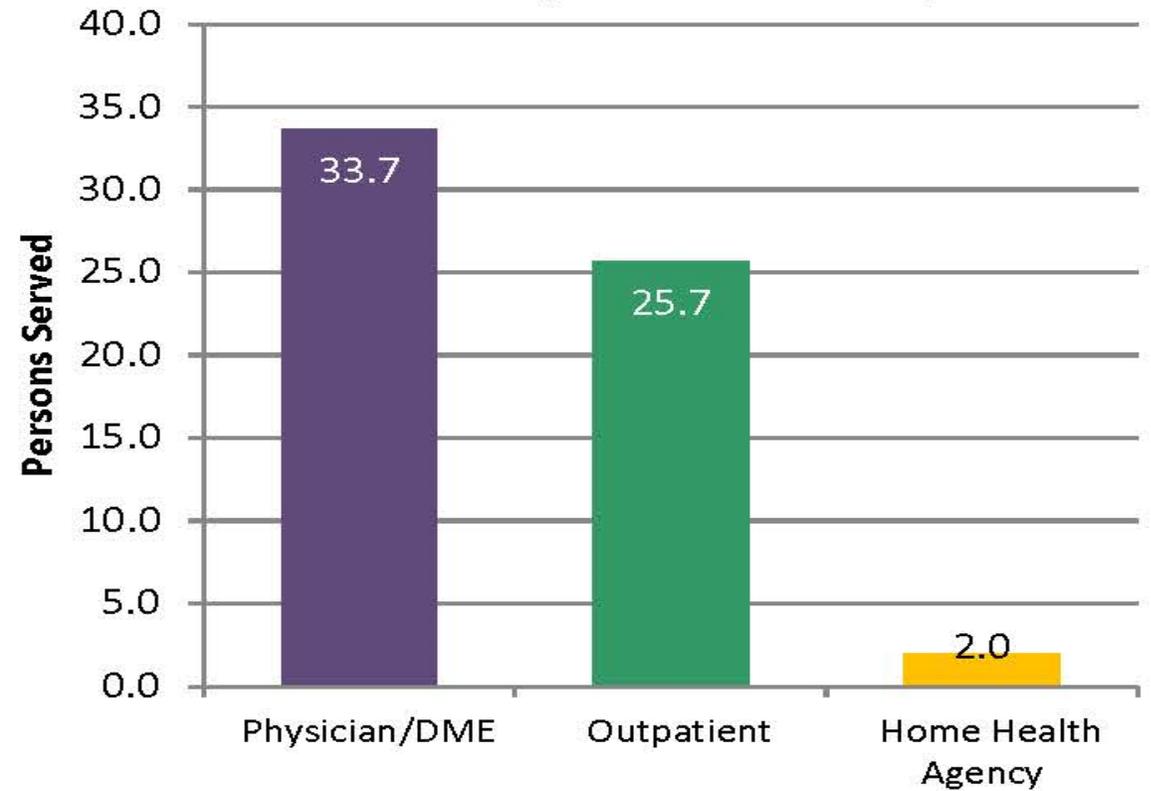


# PATIENTS SERVED 2016

**Part A (Total 7.7 million)**



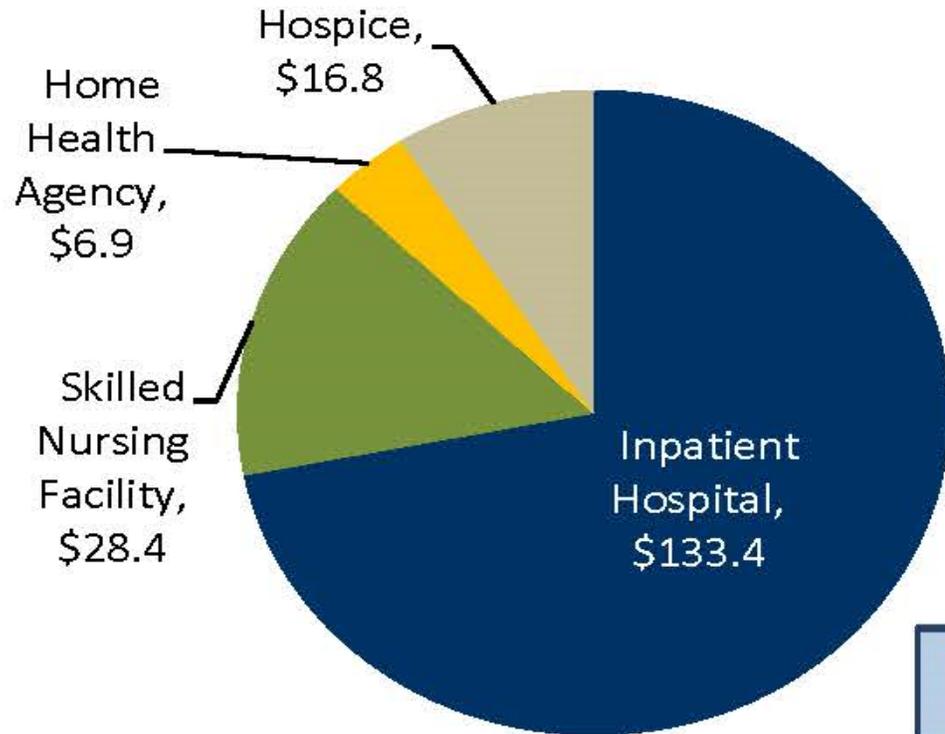
**Part B (Total 34.2 million)**



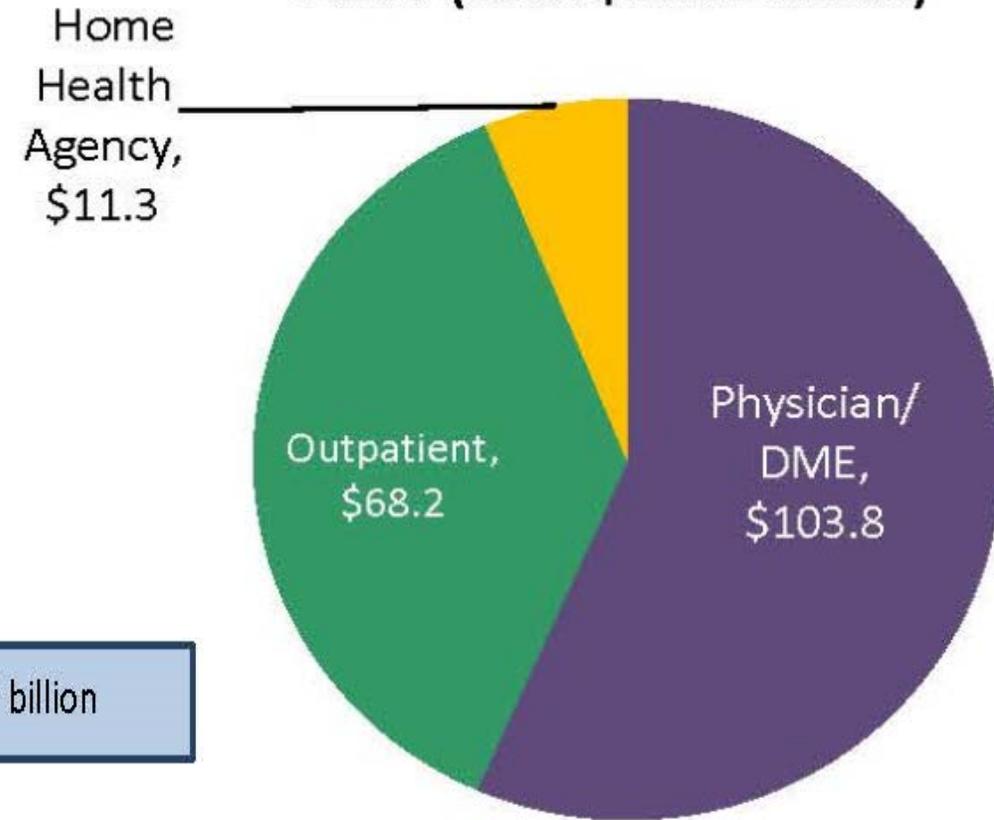


# PART A & B PAYMENTS 2016

**Part A (Total \$185.5 billion)**



**Part B (Total \$183.2 billion)**



Total Program Payments, \$368.7 billion





# Chicago Regional Office

- Part D- Opioids
- HHA – Chicago and Detroit, very aggressive recruiting, “mobile physicians”, kickbacks all around.
- Adult Day Care /Licensed Social workers
  - Individual & group psychotherapy not provided
- SNFs – neglect & services not rendered
- Medicaid – Dental Fraud





# PATIENT NEGLECT & FAILURE OF CARE

- Neglect versus Failure of Care
- Neglect:
  - Adult Protective Services Hotline: [1-866-800-1409](tel:1-866-800-1409), [1-888-206-1327](tel:1-888-206-1327) (TTY).
  - Illinois Department of Public Health's Nursing Home Complaint Hotline: [1-800-252-4343](tel:1-800-252-4343)
  - IL Dept. of Public Health: Central Complaint Registry Hotline – [800-252-4343](tel:800-252-4343)





# Failure of Care

- Different than abuse and neglect
- Services that are so deficient that they were effectively worthless.
  - understaffing, most commonly nurses and aides
  - Lack of wound care
  - Lack of fall prevention
  - Lack of catheter care
  - Lack of food, medication, supplies





# Extending

- \$38 million settlement in the fall of 2014
- 5 year CIA
- Substandard nursing services
- Insufficient number of skilled nurses
- Medically unreasonable and medically unnecessary rehab/therapy services





# PART A PROVIDERS

- HOSPITALS
- HOME HEALTH AGENCIES
- SKILLED NURSING FACILITIES
- HOSPICE
- CRITICAL ACCESS HOSPITALS
- RENAL DIALYSIS FACILITIES
- RURAL HEALTH CLINICS





# HOME HEALTH SERVICES

- WOUND CARE FOR PRESSURES SORES OR A WOUND
- PATIENT & CAREGIVER EDUCATION
- INTRAVENOUS OR NURTRITION THERAPY
- INJECTIONS
- MONITORING SERIOUS ILLNESS OR UNSTABLE HEALTH CONDITIONS





# WHAT MEDICARE COVERS - HH

- SKILLED NURSING CARE
- HOME HEALTH AIDE / W SKILLED NURSING
- PHYSICAL THERAPY
- OCCUPATIONAL THERAPY
- SPEECH THERAPY





# MEDICARE DOES NOT PAY FOR...

- 24 HOUR A DAY CARE AT HOME
- MEAL DELIVERY & MEAL PREPARATION
- HOME MAKER SERVICES ONLY
- PERSONAL CARE ONLY (Medicaid covers)





# HOME HEALTH REQUIREMENTS

- PATIENT MUST BE CONFINED TO THE HOME
- CARE IS ORDERED BY A PHYSICIAN
- SKILLED NURSING SERVICES ARE REQUIRED
- SERVICES MUST BE REASONABLE & NECESSARY





# HOME HEALTH CARE

- THE PATIENT'S PCP OR TREATING PHYSICIAN WILL DECIDE IF THE PATIENT NEEDS HOME HEALTH CARE
- THE PATIENT DECIDES WHICH HOME HEALTH COMPANY TO USE





# HOME HEALTH FRAUD INDICATORS

- WHEN HOME HEALTH SERVICES WERE NOT ORDERED BY A PATIENT'S PCP
- THE PATIENT IS "MARKETED" TO BY THE HOME HEALTH COMPANY OR MARKETING COMPANY





# HOME HEALTH

- MEDICARE PAYS PROVIDERS FOR A 60 DAY EPISODE
- OUTCOME ASSESSMENT INFORMATION SET (OASIS) SPECIFIC ITEMS ARE ASSESSED FOR A HOME HEALTH PATIENT
  - MEASURES PATIENT OUTCOMES TO IDENTIFY IMPROVEMENT





# HOME HEALTH FRAUD SCHEMES

- KICKBACKS FOR PATIENTS
- EXTENDING MULTIPLE EPISODES OF CARE
- MEDICALLY UNNECESSARY SERVICES
- SERVICES NOT RENDERED





# KICKBACKS CAN LEAD TO...

- OVERUTILIZATION
- INCREASED COSTS
- CORRUPT MEDICAL DECISION MAKING
- PATIENT STEERING





# PERPETUAL HOME HEALTH CARE

- PERPETUAL BILLED FOR HOME HEALTH SERVICES NOT RENDERED
- PATIENTS WHO RECEIVED CARE FROM OTHER HOME HEALTH COMPANIES WERE STOLEN BY JOHN GABRIEL
- PATIENTS NEITHER QUALIFIED NOR NEEDED HOME HEALTH





# PERPETUAL OUTCOME

- JACINTO “JOHN” GABRIEL WAS SENTENCED TO 10 YEARS INCARCERATION FOR CONSPIRACY TO COMMIT HEALTH CARE FRAUD ON APRIL 17, 2015. HIS RESTITUTION WAS SET AT \$21,750,000.
- JASSY GABRIEL WAS SENTED TO FOUR YEARS, 10 MONTHS INCARCERATION. HIS RESTITUTION WAS SET AT \$19,000,000.
- STELLA LUBATON WAS SENTENCED TO 5 YEARS & \$19,000,000 SET FOR RESTITUTION.





# SACRED HEART HOSPITAL SCHEME

- RENT PAYMENTS AND MEDICAL DIRECTORSHIPS WERE CREATED UNDER THE GUISE OF PAYING FOR KICKBACKS (PATIENT REFERRALS) TO SACRED HEART HOSPITAL.





# SACRED HEART OUTCOME

- EDWARD NOVAK, CEO & OWNER – 4.5 YEARS IN PRISON AND OVER \$10 MILLION IN FORFEITURE;
- CLARENCE NAGELVOORT, FORMER COO – 21 MONTHS IN PRISON AND OVER \$8 MILLION IN FORFEITURE;
- ROY PAWAWAL, CFO – 1 YEAR AND 1 DAY IN PRISON AND OVER \$10 MILLION IN FORFEITURE





# PSYCH FRAUD – SKILLED NURSING FACILITY

- UNLICENSED STAFF CONDUCTING THERAPY
- GROUP THERAPY BILLED AS INDIVIDUAL THERAPY
- THERAPY PROVIDED IS NO BENEFIT FROM SERVICE
- SHORT SESSIONS BILLED USING THE HIGHEST CODE





# MEDICAID – DENTAL FRAUD

- HHS-OIG AND THE FBI RECEIVE A COMPLAINT FROM BLUE CROSS / BLUE SHIELD
- PATIENT LISTS PURCHASED, AND DENTAL SERVICES BILLED THAT WERE NEVER PROVIDED
- THE BUSINESSES BILLING THESE SERVICES ARE STOREFRONTS – COSMETIC SHOPS, ETC.
- ONE MAIN SUBJECT INVOLVED – HAS BEEN PAID OVER \$1 MILLION.





# MEDICAID – DENTAL FRAUD

- THE MAIN SUBJECT HAS BEEN ARRESTED
- AN INDICTMENT IS FORHTCOMING





# MEDICARE PART D – OPIOIDS

**1 in 10** beneficiaries received opioids on a regular basis.



**HALF A MILLION** Part D beneficiaries received **HIGH AMOUNTS** of opioids in 2016.





Here's an example of a beneficiary receiving extreme amounts of opioids:



A beneficiary in NY **received 62 opioid prescriptions** for fentanyl and oxycodone in one year.

That's more than **1 prescription per week.**





# OPIOID CRISIS

- In 2016, there were over 42,000 opioid-related overdose deaths in the U.S. – 115 deaths per day.
- Seniors are not immune – this is not a problem afflicting only the young.
- Current investigation
- Risks for seniors





# STRIKE FORCE OVERVIEW

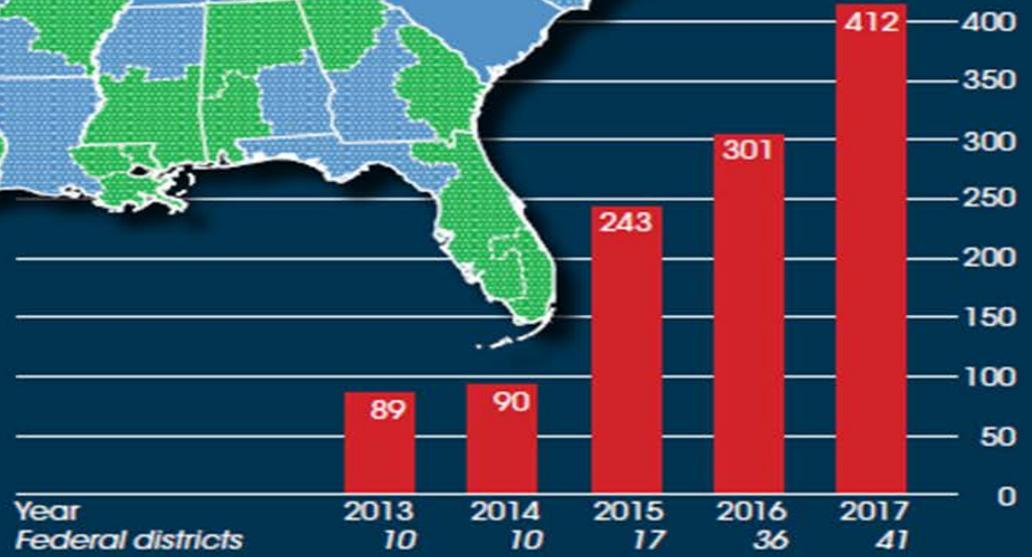
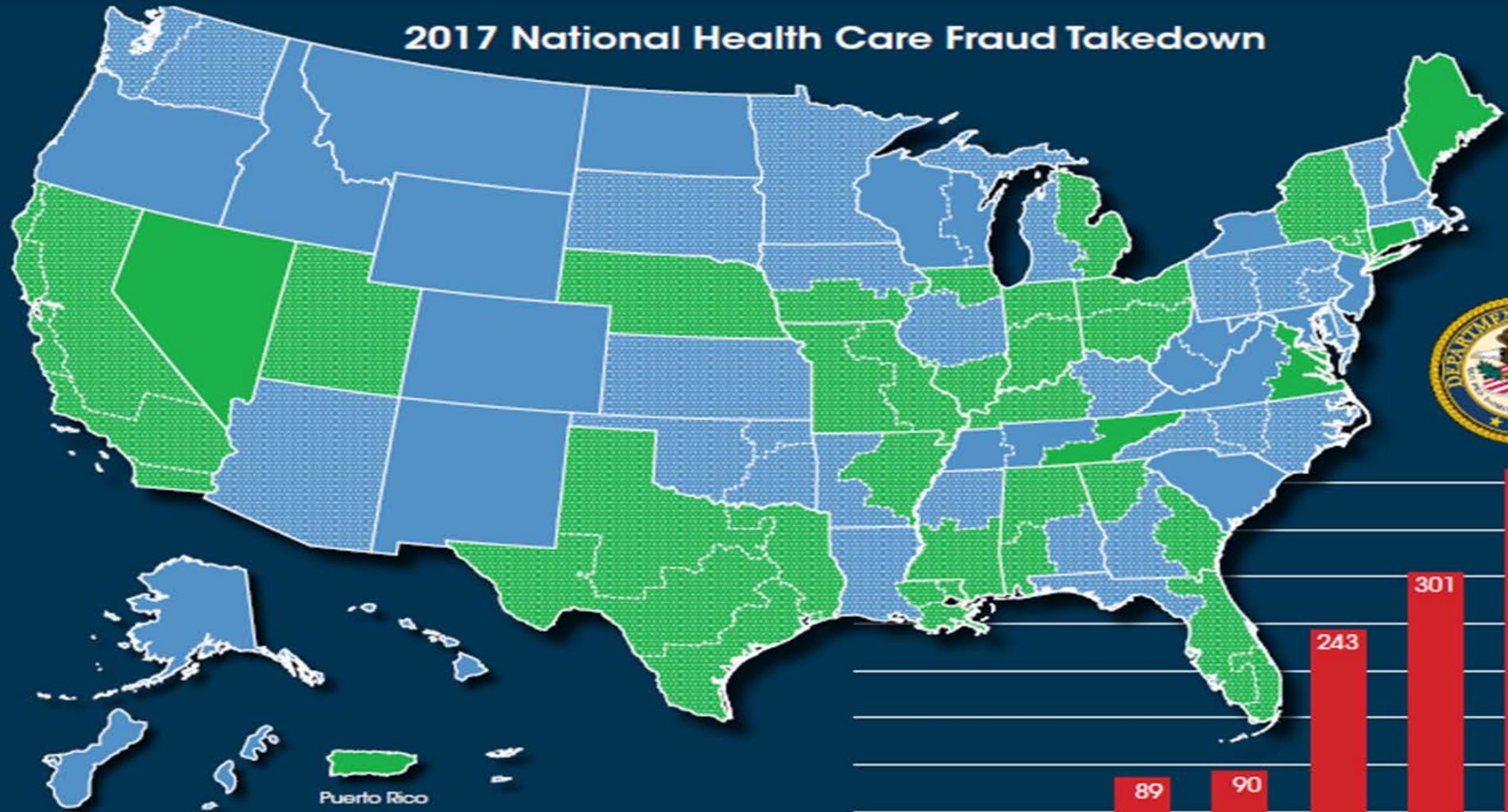
Medicare Fraud Strike Force teams are a multi-agency effort (between HHS OIG, DOJ, USAO, FBI and local law enforcement) to combat Medicare fraud.

- Strike Force Efforts (As of May 2017)
  - ❑ Charges against over 2,326 individuals
  - ❑ More than \$2.5 billion in false billing
  - ❑ 1,791 initiated criminal actions





# 2017 National Health Care Fraud Takedown



■ Participating Federal Districts (41)  
■ Participating Medicaid Fraud Control Units (MFCUs) (30)

**National Health Care Fraud Takedown Trends**  
*Defendants charged per year shown*





# STRIKE FORCE CHICAGO 2018

- 21 DEFENDANTS CHARGED
- 11 NORTHERN DISTRICT OF IL
- 10 STRIKE FORCE





# DETECT & DETER FRAUD

- NEVER PROVIDE YOUR SOCIAL SECURITY NUMBER, MEDICARE NUMBER, OR PERSONAL BANK ACCOUNT INFORMATION TO ANYONE WHO CALLS YOU ON THE TELEPHONE OR COMES TO YOUR DOOR.





# DETECT & DETER FRAUD

- Review your explanation of benefits (EOBs) and if you have questions, call the medical providers and ask.
  - Keep a calendar of your medical visits & who you saw
  - Unbundling
- Ask why tests are being ordered.
- Always get a second opinion for anything major
- Nothing is free...





# DETECT & DETER FRAUD

DO NOT ACCEPT HOME HEALTH SERVICES OR MEDICAL EQUIPMENT OFFERED TO YOU BY STRANGERS, ESPECIALLY IF YOU ARE OFFERED MONEY OR OTHER INCENTIVES FOR ACCEPTING.

IF YOU NEED SERVICES, CARE OR MEDICAL EQUIPMENT, CONTACT YOUR OWN DOCTOR.





# DETECT & DETER FRAUD

**BEWARE OF ANYONE WHO TELLS YOU THAT MEDICARE SENT THEM.**

**MEDICARE DOES NOT SELL ANYTHING AND DOES NOT ASK PROVIDERS TO CONTACT PATIENTS ABOUT SERVICES.**





# DETECT & DETER FRAUD

- DON'T BE FOOLED BY OFFERS FOR “FREE” SERVICES OR MEDICAL EQUIPMENT IN EXCHANGE FOR YOUR HEALTH INSURANCE OR MEDICARE NUMBER.





# REPORT FRAUD

- SERVICES OR PRODUCTS NOT RECEIVED
- HOME HEALTH SERVICES FOR PATIENTS NOT CONFINED TO THE HOME
- ADULT DAYCARE AS PSYCHOTHERAPY TREATMENT
- MEDICAL EQUIPMENT OR SERVICES THAT DO NOT MEET MEDICARE GUIDELINES





# REPORT FRAUD

- **Online: [oig.hhs.gov/fraud/hotline](https://oig.hhs.gov/fraud/hotline)**
- **Phone: 1-800-447-8477 (1-800-HHS-TIPS)**
- **TTY: 1-800-377-4950 | FAX: 1-800-223-8164**
- To learn more about medical identity theft visit:
- **[www.medicare.gov/fraud](https://www.medicare.gov/fraud)**

