

# TACKLING HEALTH CARE FRAUD, WASTE, AND ABUSE – WHERE DO YOU START?

William Gedman CPA, CIA  
Vice President Quality Audit, Fraud & Abuse  
UPMC Insurance Services Division – Pittsburgh, PA



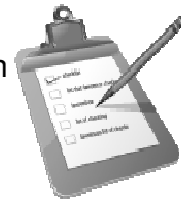
UPMC HEALTH PLAN  
Where you belong.

©2007 UPMC Health Plan

## HEALTH CARE FRAUD, WASTE, AND ABUSE

### Session Outline

- Elements of a strong program
- Make-up of a FWA team
- The importance of training and education
- Identification of risk / Data analysis
- Documentation standards
- Referrals to law enforcement
- Preparation for audits
- Reporting and benchmarking



UPMC HEALTH PLAN  
Where you belong.

©2007 UPMC Health Plan

## **HEALTH CARE FRAUD, WASTE, AND ABUSE**

### **A comprehensive fraud, waste and abuse program includes both prevention and detection elements such as:**

- Written corporate anti-fraud plan
- Detailed policies and procedures
- Corporate standard of conduct/ethics and conflict of interest statements
- Participation with Compliance Committee
- Ongoing training/education of employees, providers, members, vendors, others
- Effective lines of communication internally and externally
- Monitoring and auditing
- Establishing corrective action procedures
- Follow-up activities

UPMC HEALTH PLAN  
Where you belong.

©2007 UPMC Health Plan

## **HEALTH CARE FRAUD, WASTE, AND ABUSE**

### **The corporate anti-fraud plan:**

- Clear corporate commitment
- Fraud awareness education
- Make-up of SIU
- Detection methods
- Internal investigation procedures
- Contact with regulators and law enforcement
- Coordination of recovery efforts
- Measurement and reporting activities – recoveries, cost avoid, case dispositions, trends



UPMC HEALTH PLAN  
Where you belong.

©2007 UPMC Health Plan

## **HEALTH CARE FRAUD, WASTE, AND ABUSE**

### **Make-up and Function of the Special Investigations Unit (SIU):**

- Internal investigative unit, often separate from Compliance – staffed to conduct analysis, investigation, surveillance, reporting
- Dedicated legal, network, medical management support
- Collaboration with internal audit
- Recommended Credentials:
  - CFEs
  - Clinical
  - Coding
  - Former law enforcement
- The right tools are important
  - data mining, coding and regulatory resources, fraud detection software



UPMC HEALTH PLAN  
Where you belong.

©2007 UPMC Health Plan

## **HEALTH CARE FRAUD, WASTE, AND ABUSE**

### **Training and education:**

- All employees, providers, members, vendors
- Employee training - initial hires and annually thereafter
- Maintain records of date, time, attendance, topic of the training and results
- Topics to be included in general compliance training include:
  - Description of the corporate compliance program and applicable P&Ps
  - Review of disciplinary guidelines for non-compliant or fraudulent behavior
  - Description of conflict of interest
- FWA training should be conducted to ensure employees have a basic exposure to the applicable laws & regulations and FWA schemes
  - HIPAA, False Claims Act, Anti-Kickback Statute, etc

UPMC HEALTH PLAN  
Where you belong.

©2007 UPMC Health Plan

## **HEALTH CARE FRAUD, WASTE, AND ABUSE**

### **Training and education:**

- Consider web-based tools, intranet sites and videotaped presentations
- Quizzes or tests should be used to ensure individuals understand compliance goals of organization
- Retain adequate records, including attendance logs, and training materials
- Conduct specialized training where necessary (pharmacy, claims processing, enrollment)
- Author articles for member and provider newsletters and web
- Promote FWA and compliance hotlines
- Publicize high profile and successfully investigated cases
- Participate in information-sharing locally and nationally
- Network with colleagues – NHCAA, IASIU, ACFE, IIA, AICPA

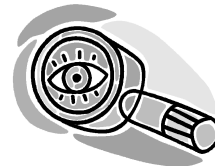
UPMC HEALTH PLAN  
Where you belong.

©2007 UPMC Health Plan

## **HEALTH CARE FRAUD, WASTE, AND ABUSE**

### **Identification of risk / data analysis:**

- Stay abreast of current local and national schemes and trends
- Interview management regarding internal risks
- Understand internal process and IT systems control weaknesses
- Understand claims system edits and reimbursement contracts
- Routinely produce profiling and trending reports – examples:
  - High producing, high cost providers – outliers within peers of the same specialty
  - High E&M levels
  - Frequent use of miscellaneous codes
  - Frequent re-bills and claim adjustments
  - Possible split billing/unbundling
- Utilize fraud-detection software



UPMC HEALTH PLAN  
Where you belong.

©2007 UPMC Health Plan

## **HEALTH CARE FRAUD, WASTE, AND ABUSE**

### **Identification of risk / data analysis - pharmacy:**

- Establish a cross-functional team to tackle pharmacy issues
- Conduct joint medical and pharmacy claims analysis
  - Analyze office visits and diagnosis vs. drugs billed
  - Multiple prescriptions for controlled substances from various pharmacies and / or providers (the '3 or more rule')
  - Top members and prescribers by ingredient or billing cost
  - Member / pharmacy combinations
  - Prescriber / pharmacy combinations
  - Geographic outliers – member, pharmacy, provider 'triangle'



UPMC HEALTH PLAN  
Where you belong.

©2007 UPMC Health Plan

## **HEALTH CARE FRAUD, WASTE, AND ABUSE**

### **Identification of risk / data analysis – more pharmacy:**

- Establish partnership with your PBM, pharmacy dept and others
- Determine strength of PBM system edits and program integrity function
  - Point-of-sale controls, desk audits, field audits
- If PBM function is adequate – delegate, but monitor!
- If PBM is weak, request changes - amend contract
- If PBM unable or unwilling, double your efforts and/or get new PBM!
- Pharmacy claims processing system edits can be used to detect and prevent FWA:
  - Edits preventing the early refills of prescriptions
  - Sex, age, and excessive dosage edits
  - Step therapy and prior authorization edits
  - Edits on Part D drug exclusions or Part B vs. Part D drugs
  - Prescriptions from excluded or deceased providers

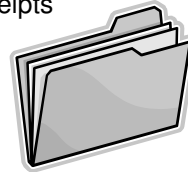
UPMC HEALTH PLAN  
Where you belong.

©2007 UPMC Health Plan

## **HEALTH CARE FRAUD, WASTE, AND ABUSE**

### **Case Documentation (Database or case management system)**

- Standard case recording/numbering convention
- Identification of assigned staff
- Time milestones, status updates – initial entry to final disposition
- Electronic / scanned documents
- Interview notes
- Coding/billing research
- Copies of claims, medical records, etc. for all audit exceptions
- All correspondence including Certified Mail receipts
- Subpoenas or RFIs
- Calculation of recoveries and/or cost avoid
- Memos, final reports
- File review cover sheet / reviewer notes



UPMC HEALTH PLAN  
Where you belong.

©2007 UPMC Health Plan

## **HEALTH CARE FRAUD, WASTE, AND ABUSE**

### **Referrals to law enforcement:**

- Understand expectations (Must case be a 'slam-dunk'?)
- Be sure staff understands basics of legal system
- Be sure of facts, and be aware of materiality
- Accurate and complete documentation (the transaction trail)
- Establish internal review and approval process
  - Legal, compliance, audit
- Establish healthy working relationship
- Monitor timeframes and status of cases
- Prepare staff for depositions and court dates



JPMC HEALTH PLAN  
Where you belong.

©2007 UPMC Health Plan

## **HEALTH CARE FRAUD, WASTE, AND ABUSE**

### **Preparation for audits:**

- Audits conducted by regulators, employer groups, external auditors
  - Preparation:
    - Comprehensive FWA plan and infrastructure
    - Consult contracts, regulations, and any associated audit guides – for example, Part D - specifically Chapter 10
    - Knowledge of / compliance with federal and state standards
    - Designation of compliance officer and committee
    - Effective FWA and compliance training
    - Effective lines of communication
    - Disciplinary guidelines and enforcement
    - Robust internal monitoring and auditing
    - Responses to audit findings – CAPs



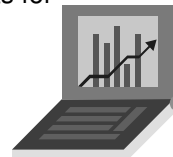
UPMC HEALTH PLAN  
Where you belong.

©2007 UPMC Health Plan

## **HEALTH CARE FRAUD, WASTE, AND ABUSE**

### **Reporting and benchmarking:**

- Internal reporting should be organized by line of business, and include the following elements:
  - Number of new cases this period, and sources of referrals (member, provider, employee, anonymous hotline, other)
  - Type of cases (up-coding, services not rendered, unbundling, drug diversion, drug seeking, eligibility, id theft)
  - Case risk or priority (low, medium, high)
  - Case disposition - number of open/closed cases
  - Total of law enforcement or regulator requests for investigative assistance
  - Recovered dollars
  - Cost avoid quantified



UPMC HEALTH PLAN  
Where you belong.

©2007 UPMC Health Plan

## **HEALTH CARE FRAUD, WASTE, AND ABUSE**

### **Reporting and benchmarking:**

- Important to gauge the productivity of the FWA unit, and the success of the associated efforts
- One significant source is the NHCAA survey data
  - Total of claims paid, covered lives, budget
  - Geographic scope of business
  - Levels of FWA unit management responsibility
  - Reporting structure
  - Staffing numbers
  - SIU staff salaries
  - Cases worked and open in inventory
  - Recoveries and cost avoid



UPMC HEALTH PLAN  
Where you belong.

©2007 UPMC Health Plan

## **HEALTH CARE FRAUD, WASTE, AND ABUSE**

**QUESTIONS??**



UPMC HEALTH PLAN  
Where you belong.

©2007 UPMC Health Plan