Fraud and Abuse in Medicare: The Feds are Watching

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In early March, the Inspector General of the U.S. Department of Health and Human Services (HHS) testified before Congress regarding the efforts of HHS to combat waste, fraud, and abuse in Medicare and Medicaid. Through stepped-up enforcement and audit efforts in fiscal year 2010, the Office of Inspector General (OIG) of HHS recovered more than $3 billion in investigatory recoveries and more than $1 billion in audit receivables. But the Centers for Medicare and Medicaid Services (CMS) estimates that 10.5% of the $34.3 billion in Medicare fee-for-service claims it paid in 2010 did not meet program requirements.

In his testimony, the Inspector General highlighted some new initiatives of the OIG designed to fight waste, fraud, and abuse. First, the OIG and the Department of Justice have launched Medicare Strike Forces that are designed to quickly identify and prosecute Medicare fraud through data analysis and the collaboration of law enforcement officials. The Strike Forces have been highly successful and participated in the largest federal healthcare-fraud takedown in history this past February.

Second, the OIG is targeting enforcement at individual leaders within the healthcare industry as a way to change corporate behavior. The OIG realizes that some providers such as hospitals play such an important role in the healthcare system that the OIG cannot exclude them from Medicare or Medicaid because the hardship on patients would be too great. Instead, when fraud is committed at these organizations, the OIG is

increasingly seeking to punish individuals who are in positions of responsibility within the organizations. Punishments usually include the exclusion of the individuals from the Medicare program. The OIG believes that if individuals know that their careers are at risk, they will be more vigilant in preventing fraud at the companies they lead.

Finally, the OIG hopes to engage healthcare providers in the effort to fight fraud. The OIG is continuing to develop resources, tips, and information on its website to help providers create compliance programs within their organizations. The OIG also plans to offer seminars for providers and compliance officers. The seminars will alert participants to fraud risks and help providers develop better compliance practices.

The Inspector General's testimony is evidence that reducing fraud and abuse is clearly a priority of the OIG, and that healthcare providers should be taking steps to ensure they remain legally compliant.