

Medicare fraud suspensions and collections not being strongly enforced

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Regulators fighting Medicare fraud frequently suspend the licenses of Medicare providers, only to quickly reinstate them after a short and uninvolved appeals process. The AP recently reported that the government's private contractors tasked with inspecting Medicare providers and collecting payments often communicate poorly with the federal agency that runs Medicare, leading to gaps in the system that prevent efficient shutdown of fraudulent activity. Medicare providers accused of fraudulent activity often even continue to receive Medicare payments while they are under investigation.

The government and its contractors often fail to even attend the appeals hearings, allowing suspended Medicare providers to coast to a default victory. In one notable case, Medicare contractors revoked a medical equipment company's license after inspecting it and finding that the company had no employees and no customers. The owner of the company appealed, was reinstated the same day, and resumed fraudulently billing Medicare. One of the owner's companies continued to bill Medicare for months after the owner eventually was indicted.

The report also stated that almost 40% of the Medicare providers examined by the AP in six key fraud hot spots – South Florida, Los Angeles, Baton Rouge, Houston, Brooklyn, and Detroit – eventually regained their licenses.