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*Our Vision*

*Member-centric healthcare system  
that is affordable and accessible to  
the  
'health citizen'*

# Fraud, Waste & Abuse

## Funders Perspective

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Presented by: Dr K Mothudi

# Agenda

What FWA Isn't

What FWA Is

What Issues Are Also Important

Industry Highlights and Lowlights (HFMU Indaba)

Last Thoughts



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# What Fraud Isn't

It's not an easy topic

Introduction

“As a graduant of the Univ..., I do solemnly declare:

That I will exercise my **profession** to the best of my knowledge and ability for the safety and **welfare** of all persons entrusted to my care and...

... I will conduct myself as **becomes** a member of an **honourable profession**.

I make this declaration **upon my honour**”

# What Fraud Isn't

## Its not Minor Issue

### Prevalence & Impact

- 43% of international businesses were victims of fraud over a two-year period (PWC Survey - 2007)
- The financial cost of fraud and error can be **accurately measured** in the same way as **other business costs**
- Fraud accounts for losses of **more than 3%** of expenditure, with the 19-year average running at **5.85%** and this figure has risen by **28%** since 2007
- Fraud is the **last great unreduced** business cost, and its significant
- Based on evidence, losses in ANY organization in ANY area of expenditure
  - At least 3%
  - Probably near 6%
  - Possibly more than 10%

# What Fraud Isn't

Its not a South African Issue  
Prevalence & Impact

- Fraud is an issue that all organizations may face regardless of size, industry or country
- **USA - Healthcare costs (2011):** About US\$2.27 trillion, with 4 billion healthcare claims processed
  - **USA National Health Care Anti-Fraud Association (NHCAA)** estimated tens of billion dollars financial losses due to fraud (2011)
- **Global Health Care Anti-Fraud Network (GHCAN)** estimates about US\$ 260 billion or **6%** of global health care spend is lost to fraud each year (Equivalent to Finland's or Malaysia's GDP)
- **GHCAN** Nov 2017: Fraud costs the **NHS in England £1 billion** a year
- The Journal of the American Medical Association (JAMA) “estimates that abuse of prescription medicines world-wide will soon outpace that of illicit drugs”

# What Fraud Isn't

Its not a South African Issue

Example

## ***Texas physician, employee charged in alleged \$5.2M Medicare fraud***

Hector Molina, a physician and owner of Dallas-based Molina Medical Housecall Services, and his employee Blanca Mata, were arrested Friday on charges of health care fraud and conspiracy to commit health care fraud. They are accused of fraudulently billing \$5.2 million to Medicare between June 2012 and January 2015 for house calls Molina claimed to have provided while he was abroad and for home visits provided by Mata, who is not a doctor, officials said. The Dallas Morning News

NHCAA SmartBrief (May 11, 2015)



# What Fraud Isn't

Its not a Health Practitioner Issue

Example

## Prominent Road Accident Fund lawyer on R80,000 bail after arrest in hotel

Prominent Eastern Cape lawyer ZN, who has been involved in a number of **medico-legal and Road Accident Fund cases**, has been released on R80,000 bail after appearing in court on allegations of fraud.

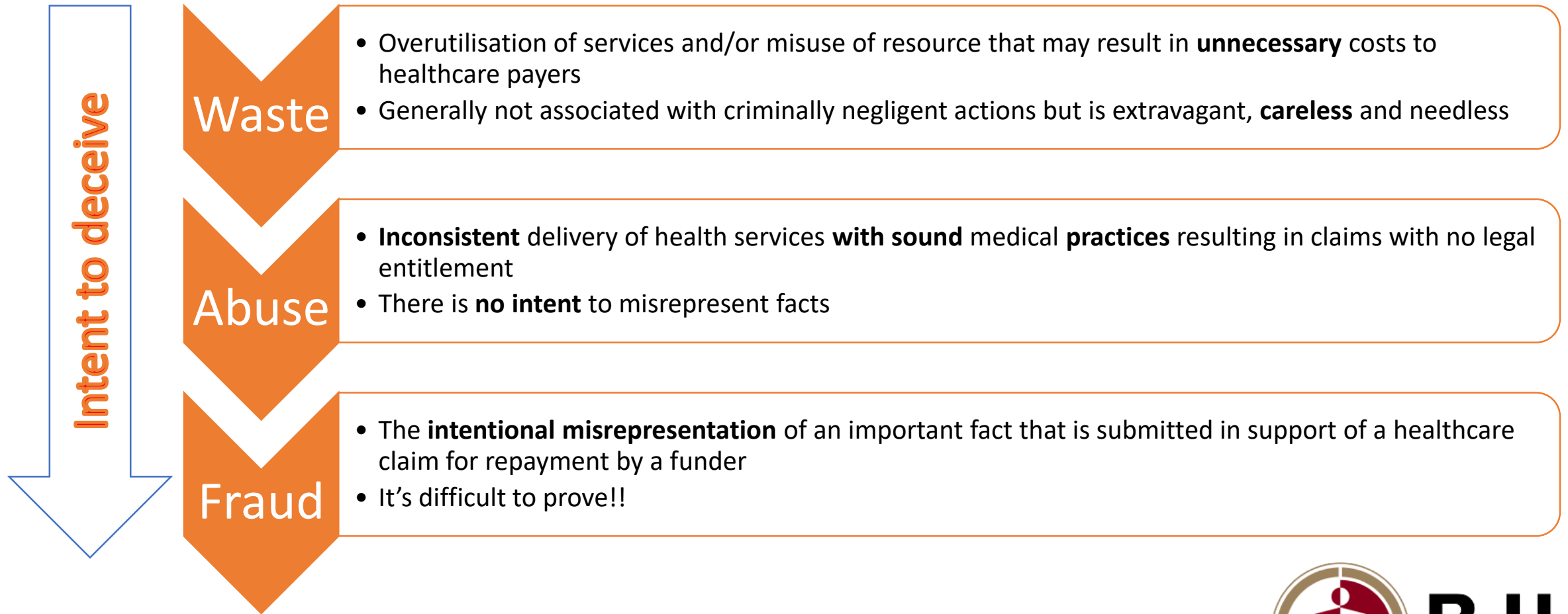
The 46-year-old appeared at the Mthatha Magistrate's Court in the Eastern Cape on Thursday.

"ZN was arrested by the Hawks's Mthatha serious commercial crime investigators at a local hotel on Wednesday when they executed a warrant for his arrest following allegations that he **submitted false claims to the department of health amounting to approximately R30m,**" said Hawks spokesperson Brig Hangwani Mulaudzi.



# What FWA Is

## Definitions





# What FWA Is

## Exercise

Admitting patients  
to access hospital  
benefits

Billing for  
additional,  
unnecessary  
treatment

Billing for more  
services than were  
performed

Billing for services  
not provided

Billing non-covered  
services as a  
covered code

Excessive charges  
for services or  
supplies

Misusing codes on  
claim

Prescription drug  
switching

Unnecessary  
increase hospital  
stay

Unbundling of  
codes for a  
procedure



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# What FWA Is

## Exercise

W

Admitting patients to access hospital benefits

W

Billing for additional, unnecessary treatment

F

Billing for more services than were performed

F

Billing for services not provided

F

Billing non-covered services as a covered code

A

Excessive charges for services or supplies

A

Misusing codes on claim

F

Prescription drug switching

W

Unnecessary increase hospital stay

A

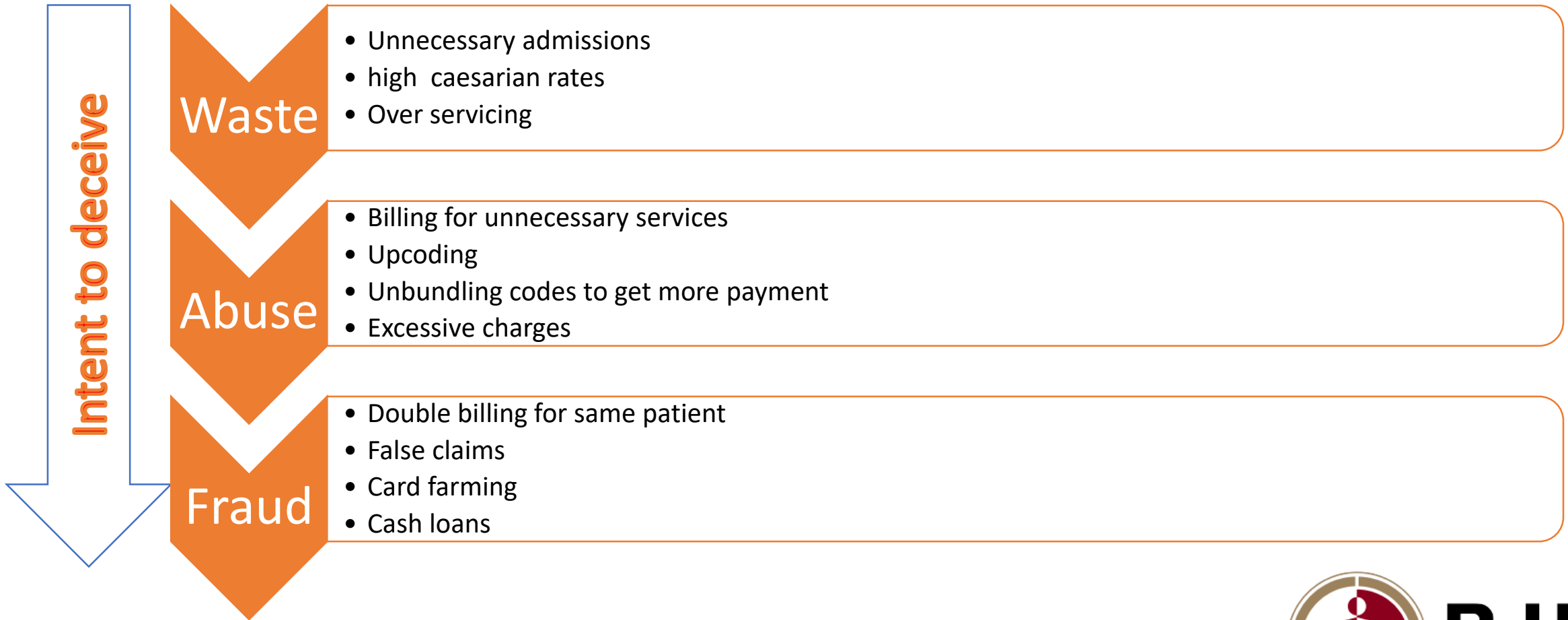
Unbundling of codes for a procedure



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# What FWA Is

## Definitions



# What FWA Is

## Industry Issue

- 2017 Contributions R170b
- 2017 Claims R160b
- 25-30% (inefficiency) ~ R40b
- Fraud (Conservative) ~ 5% (up to 15%) ~ R8b (up to R24b)
- Potential savings on contribution (assuming ideal health services environment) ~ 23.5%
- Potential savings on contribution if fraud eliminated (Conservative estimate) ~ 4.7%

# What FWA Is

## Industry Issue (Global Stats)

Example

No.	Area	Medically unnecessary
1	Orthopaedic (knee, hip, shoulder)	48%
2	Upper eyelid reduction (blepharoplasty)	66%
3	Breast reduction mammoplasty	48%
4	MRI (without and/or with contrast material(s))	56%
5	Varicose and spider vein treatment	55%
6	Nasal septum reshaping	51%
7	PET/CT imaging (positron emission tomography)	68%
8	Colonoscopy and associated histopathology	44%
9	Sinus surgery	62%
10	IMRT	53%
11	Oncology drugs	42%
12	Epidural injections (lumbar/caudal)	68%

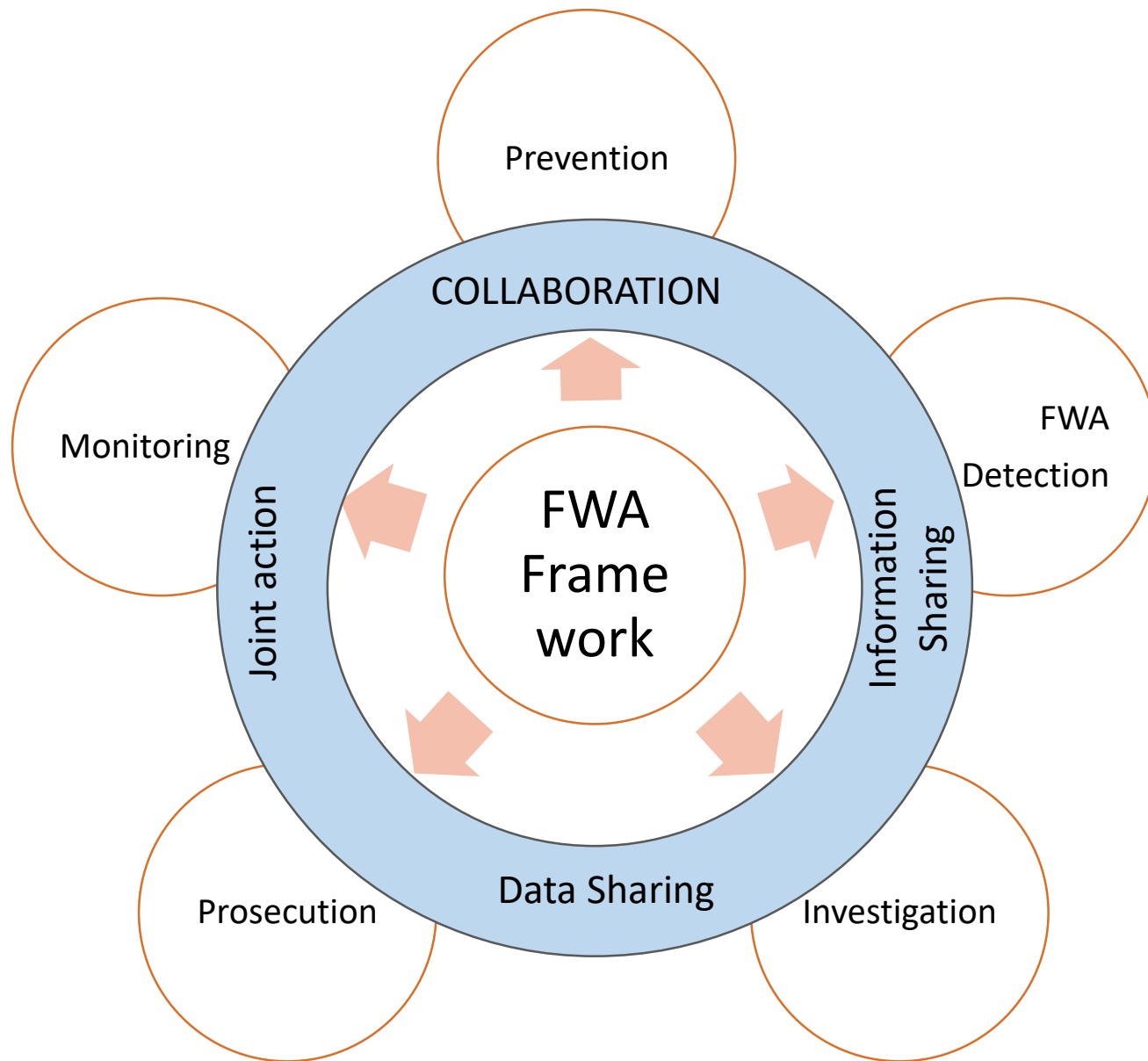


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# What FWA Is

It's a Business and Industry Risk

- Fraud Strategy
- Sound Organisational Policy
- Risk Appetite
- Stakeholder Empowerment
  - Training
  - Communication
  - Whistleblower Protection



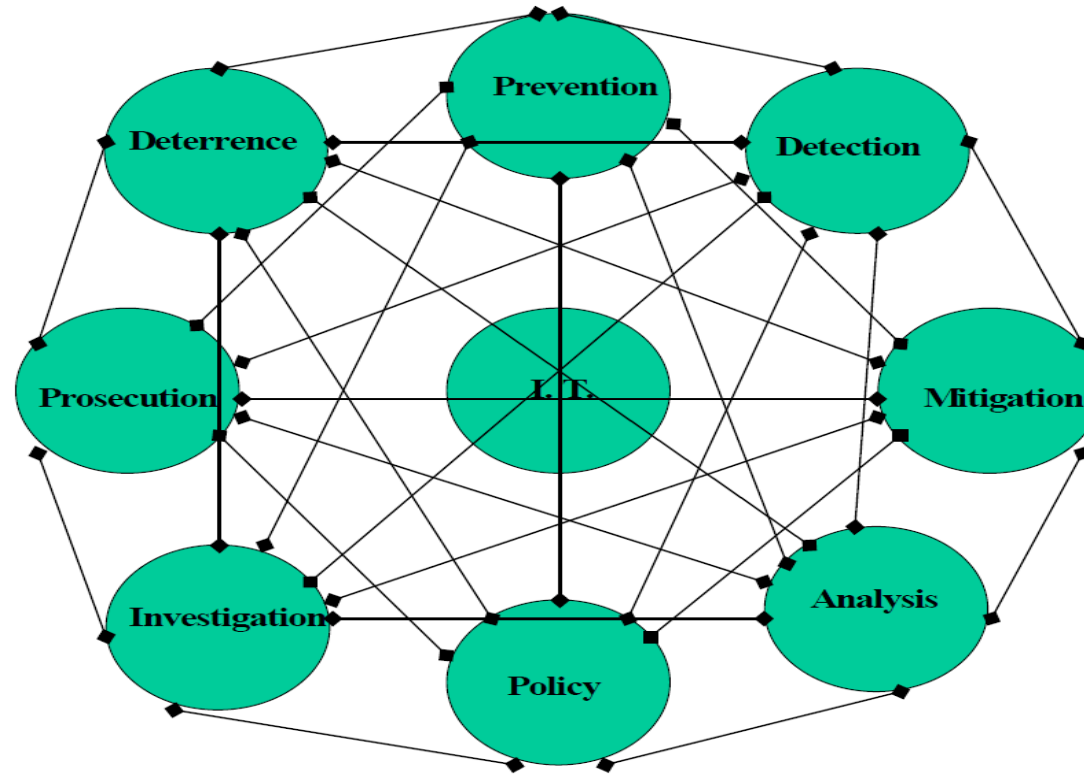
Legal and Governance  
framework



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# What FWA Is

## Fraud Lifecycle Elements



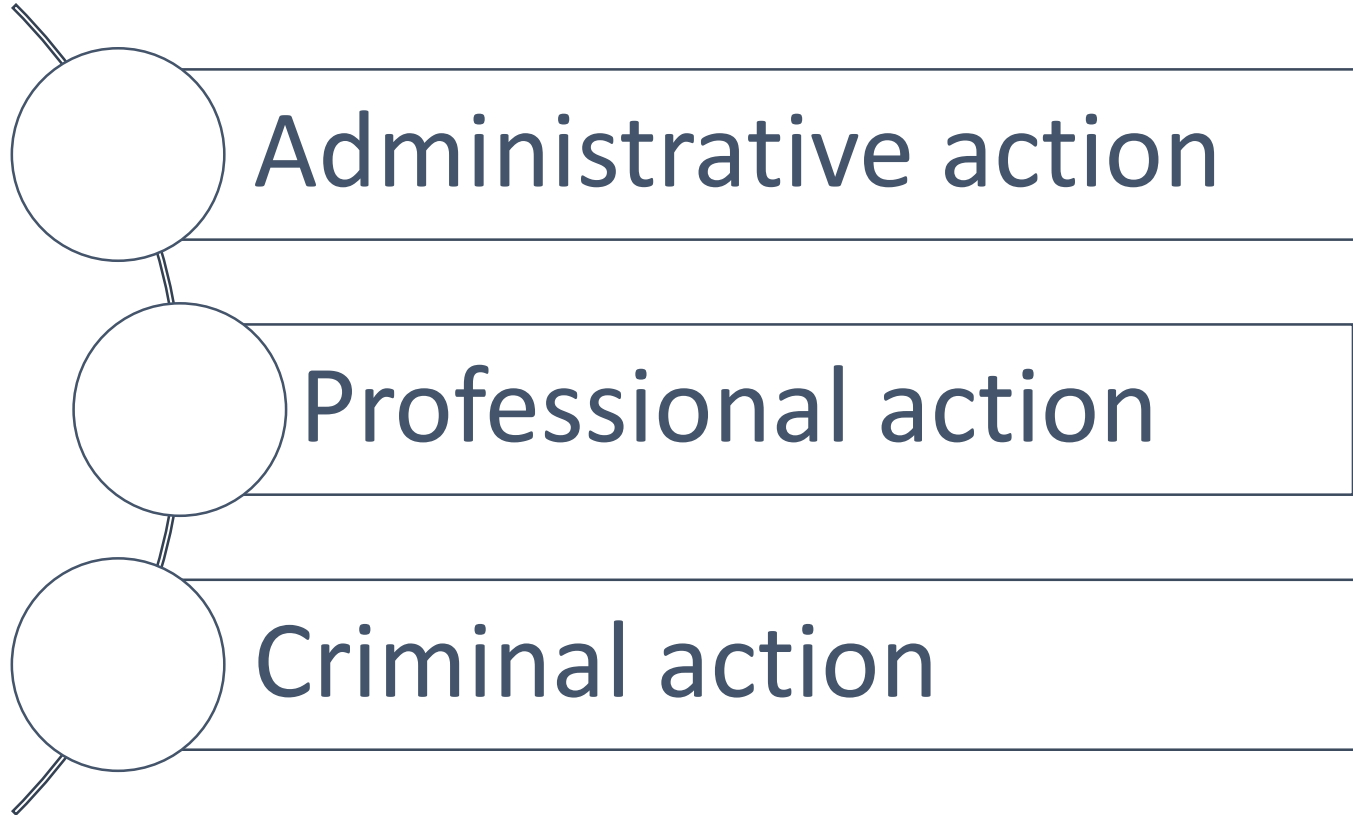
*Figure 6.* The Network Representation of the Fraud Management Lifecycle Stages.

Wesley Kenneth Wilhelm, Journal of Economic Crime Management (2004)



# What other Issues Are Important

FWA Response



# What other Issues Are Important

## FWA Response

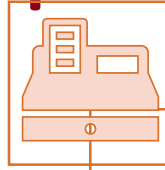


### Acknowledgment of debt



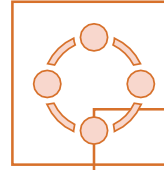
- An agreement is reached between provider and funder on amounts owing
- Weak action

### Indirect payments



- Provider is not directly paid by funders but member pays upfront and scheme reimburses the member

### Removal from network



- Provider is removed from list of preferred providers



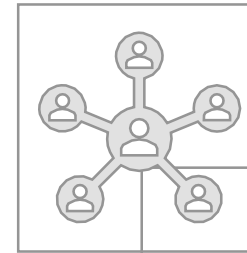
# What other Issues Are Important

## FWA Response



### Statutory Bodies

- Provider reported to regulatory body governing member
- Regulatory body should take action to sanction the Provider after investigation



### Professional Associations

- Provider may be reported to a voluntary professional body they belong to
- These normally have ethical standard of Providers



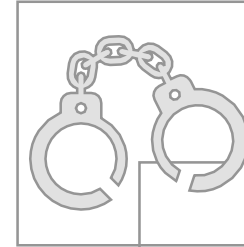
# What other Issues Are Important

## FWA Response



### Civil Action

- Meant to recover money unduly gains



### Criminal Prosecution

- Open a criminal case to prosecute Provider or Member
- Must be reported to Police or Prosecuting authorities



# What other Issues Are Important

Whose Responsibility is it?

- Claims Management and Coding
- Reimbursement Models
- The Business of Healthcare
- Health Information Management
- Industry standards and Protocols/Care Pathways
- Quality Management
- Role of Peer Review



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# Industry Highlights & Lowlights

## Recent Developments

- CMS led industry collaboration
  - Fraud Indaba 2019
  - Signing of FWA Charter
  - Industry Code of Conduct in development
- SIU led collaborations (HSACF)
  - Multi-stakeholder Forum Established
  - MOU
  - Steering Committee & Task Team – Healthcare Sector Cases Review
- Section 59 Investigations
  - Led by independent Legal team
  - Report scheduled for November release

# HFMU Indaba 19 & 20 November



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# Section 59 Update

- Summary of key themes from all presentations to the panel
- The presenter's understanding of key issues:
  - More of information asymmetry
  - Lack of tariff structure and standard coding
  - The investigation process
- Key lessons for the industry



# Organs of State updates

## HPCSA

- Review of process of investigating cases
- Not required to report cases for prosecution, Conduct regulator

## SIU

- Launch of the HSACF
- Encouraged participants to report FWA
- Alignment of FWA in private and public is key

## CMS

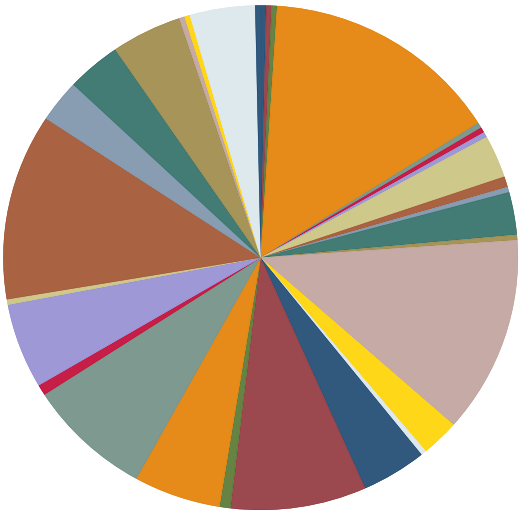
- FWA Charter
- Developing CoC



# HFMU Portal



Cases Loaded by Discipline



4	9	12	14	18	22	38	39
42	47	54	57	60	66	68	70
72	75	81	82	83	84	85	86
87	88	89	91	93	95	113	

Data Source: HFMU - BHF

Discipline Description	No of Cases	Amounts (R)
14 GENERAL PRACTITIONERS	44	23,3 million
60 PHARMACIES	37	24,9 million
86 PSYCHOLOGISTS	35	27,4 million
72 PHYSIOTHERAPISTS	25	7,1 million
82 SPEECH THERAPY	23	83,6 million
AUDIOLOGY		
Other	129	54,4 million
Total	293	221 million



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# HFMU Data Sharing & RWOPS

- 4 columns of data – service date, practice number, unique member identifier & dependent code

Service Date	Practice Number	Unique Member Identifier	Dependent Code

- Potential to highlight the extent of RWOPS challenges
- Its possible to tell number of visits seen each day by practitioner

One Province, RWOPS

700 Providers had active practice numbers

Almost 70% of beneficiaries represented

GPs

- Groups: Ave 15 visits and maximum of 78 visits
- Solus: Average of 4 visits & maximum of 56

General Surgeons

- 4,2 visits on average
- Maximum of 16 on a single day

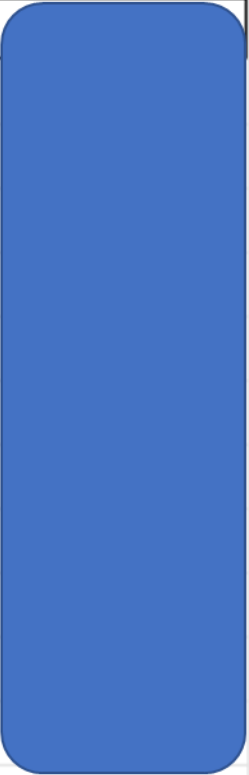
Obs and Gynae

- 3,7 visits on average
- Maximum of 13 visits on a single day



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# HFMU Data Sharing & RWOPS

	prnumber	dispcode	PracticeType	ActiveFlag	Visit
1		14	0	A	16.2
2		14	0	A	18.75
3		14	0	A	16
4		14	0	A	14.33333
5		14	0	A	17.0678
6		14	0	A	16.5
7		14	0	A	30.28571
8		14	0	A	17
9		14	0	A	19.5
10		14	0	A	16.33333
11		14	1	A	46.21825
12		14	0	A	16

**\* The Claims are for 2018 and employment data is for 2019**

GPs who are on full employment by the state

Upper limit of 13 Visits a day

Top 1%

11 Solus identified to be very busy

1 group practice with State employees is also very busy

Most see on average 20 patients a single day



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# Widening our Scope for FWA



## Employer's Perspective, Sick Note Syndicate

A mining  
company  
presented their  
challenges on  
sick note  
syndicates



## Using Technology to combat FWA



## Use of the HFMU Portal in investigating FWA



HFMU user's  
perspective on  
carrying out  
investigation using  
various tools



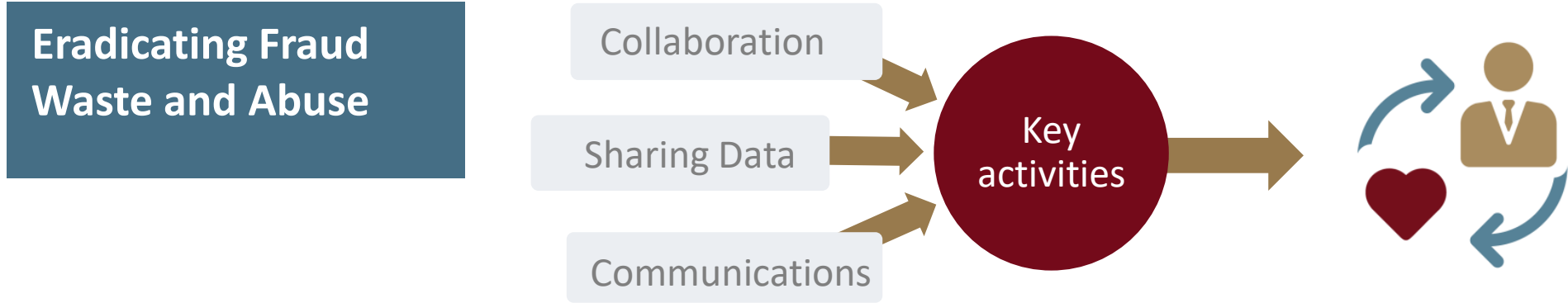
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# Case Studies

- Two syndicates discussed:

-  Hospital was closed but submitting claims as well as associated service providers. (ambulance service, GPs, pharmacy etc.)
-  Mental hospital admissions abused, and all other non-related professionals were submitting claims. (Dieticians physiotherapy etc.)

# Fraud Waste and Abuse – Collaborative Forums



- We participate in the following

*SIU Heath Sector  
Anti-corruption  
forum*

*SIU HSACF  
Task Team*

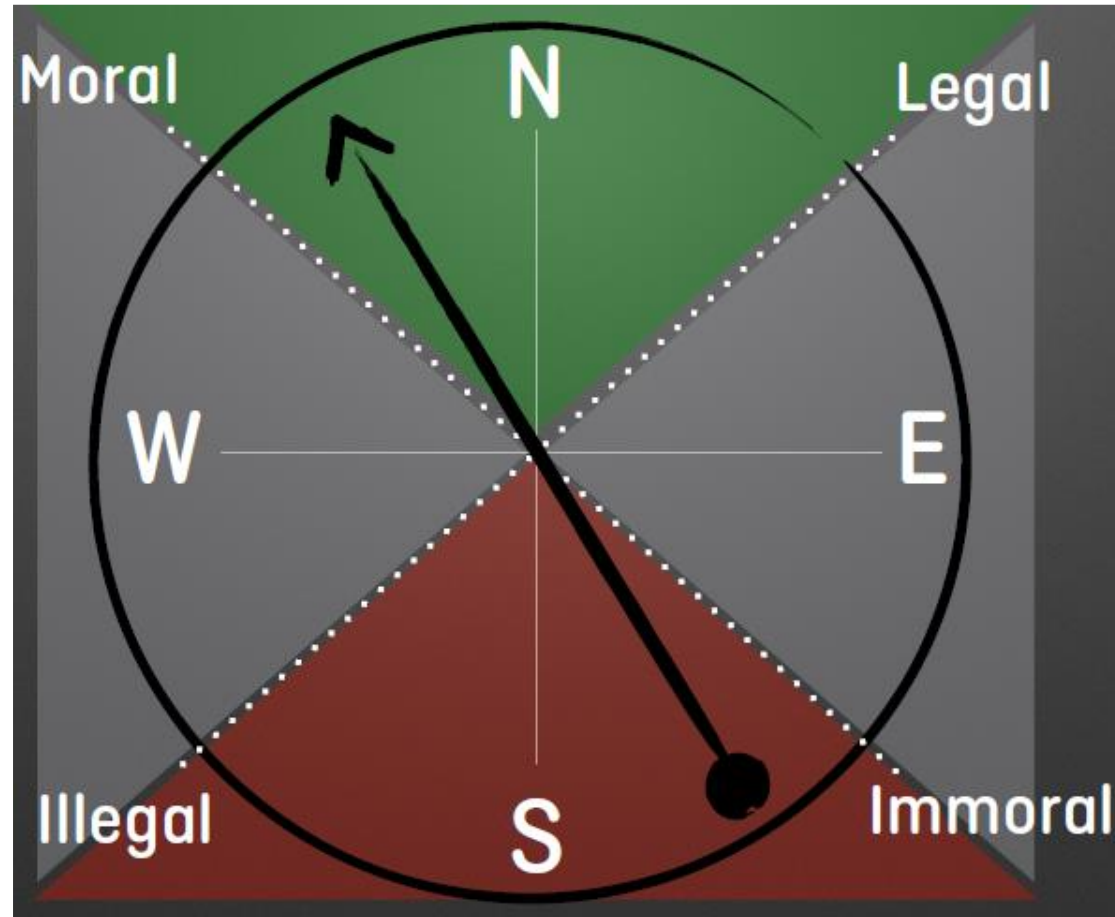
*CMS section 59 investigation  
steering committee*

*CMS FWA  
steering  
committee*

*HFMU steering  
committee.*

# Last Thoughts

## Moral Compass



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## Last Thoughts

# First, Do No Harm!

*“No man is above the law and no man is below it; nor do we ask any man's permission when we require him to obey it. Obedience to the law is demanded as a right; **not asked** as a favour”*

- Theodore Roosevelt



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# Thank you

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