© 2008 Miami Herald Media Company. All Rights Reserved.
http://www.miamiherald.com

Posted on Thu, Sep. 04, 2008

Why are dead doctors allowed to `practice'?

BY MALCOLM SPARROW

In July, the Senate Permanent Subcommittee on Investigations revealed Medicare's latest embarrassment: significant payments for medical services ordered by dead doctors -- $60 million to $92 million such claims paid between 2000 and 2007. Some doctors had been dead for more than 10 years.

Dead doctors are not the first to embarrass Medicare, which also has paid millions of dollars in treatments for dead patients, many of whom apparently start new treatments months or years after death. Deportees, previously banished from the country, and prisoners (who receive healthcare through other systems) also show up, when they obviously should not, in Medicare's paid claims.

For the "dead doctors" problem, the Office of Inspector General for Health and Human Services proposes the same formulaic approach used for every other category of obviously bogus claims: They say that the Center for Medicare & Medicaid Services (CMS) should obtain timely and accurate data regarding deaths, deportations and imprisonment from other relevant agencies, and then implement system-edits so that their computers can auto-reject bad claims.

It's a crime

This approach treats the payment of bogus claims as a claims-processing problem, rather than a crime problem. Medicare officials seem to grasp that these claims should not be paid; but they rarely ask how such nonsensical claims come to be generated in the first place. The businesses that produce such claims are not error-prone; they are fraudulent.

Meet Billy, the crook. His goal is to steal as much as he can, as fast as possible. Billy pays a nominal fee to sign up as a Medicare provider or infiltrates a billing service that submits claims for others. To bill Medicare, Billy doesn't need to see any patients. He only needs a computer, some billing software to help match diagnoses to procedures and some lists. He buys on the black market lists of Medicare patient IDs. If he wants to bill for services that require a prescription or authorization, he also buys lists of physician numbers to put on the claims. Billy is vulnerable because his lists are not entirely "clean." They contain just a few cases, probably no more than one in a hundred, of doctors or patients who are dead, deported or incarcerated. And Billy doesn't know that. In fact, he would pay a lot, at this point, to know which patients' and doctors' numbers to avoid.

What does the proposed response from Medicare mean for Billy? If CMS perfects its

prepayment edits and operates them as recommended, then Billy will receive computer-generated auto-rejection notices for the small fraction of his claims that are obviously implausible: ``Medicare rejected this claim because, according to government records, this patient died prior to the date of service."

The other 99 percent of Billy's claims, not involving detectable aberrances, will all be paid. From Billy's viewpoint, life is good. Medicare helps him "scrub" his lists, making his fake billing scam less detectable over time; and pays all his other claims without becoming the least bit suspicious. The OIG recommends, too, that CMS "educate providers" about the importance of using valid physician numbers. Billy will be a diligent student.

Rather than processing errors to be corrected these claims represent detection opportunities for massive fake billing scams. How large might these scams be? That depends how many doctors on the average list of Medicare providers are, in fact, dead. If that number is only 1 percent, then the billing scams are probably 100 times the size of the "dead doctor" claims the scams will generate.

The anomalies, now troubling Congress, amount to millions, but represent the tip of scams that cost Medicare billions. Whenever a provider submits claims for treatment of, or by, the dead, there is almost no chance that their other claims -- submitted in the names of the living -- are any better.

Attack the root

It is time for Medicare to wake up to the true nature of these threats, and the true nature of the fraud control task. For obviously implausible claims, auto-rejection is a feeble response. How about surveillance leading to arrests; or dawn raids? Seize the computers and the records; do whatever it takes to expose the business practices that produce such fictions. Those responsible for the integrity of Medicare need to understand one fundamental truth of the fraud control business: Fraud works best when claims processing works perfectly. It is time to shift the focus from process-improvement to crime-control.

Malcolm K. Sparrow is professor of public management at the John F. Kennedy School of Government, Harvard University.

© 2008 Miami Herald Media Company. All Rights Reserved.
http://www.miamiherald.com

Medicare fraud rampant in South Florida
Miami Herald
August 2
Quoted: **Malcolm Sparrow, Program in Criminal Justice, Wiener Center**
Topic: **Medicare fraud**

Malcolm Sparrow was also quoted in another article from the [Miami Herald](http://www.miamiherald.com/news/miami-dade/watchdog-report/story/628285.html)

... Consider this statistic: In 2005, South Florida clinics -- mostly concentrated in Miami-Dade -- submitted $2.2 billion in HIV-drug infusion bills to Medicare, according to the inspector general. That was 22 times more than the total HIV infusion claims submitted to Medicare by healthcare clinics in the rest of the country combined. The trend continues to this day.

In addition, false claims for medical supplies such as motorized wheelchairs, glucose monitors and oxygen equipment run into the hundreds of millions of dollars annually in South Florida.

These two areas of healthcare corruption, which have become targets of heightened federal prosecutions, account for at least $2.5 billion in Medicare fraud annually in South Florida, according to authorities. But that figure is conservative because it excludes other areas of potential Medicare fraud -- hospitals, home healthcare assistance and prescription drugs.

"Unless a radically different approach is taken to address the fraud, it's potentially terminal for the Medicare program," said **Malcolm K. Sparrow**, a professor at Harvard University's **John F. Kennedy School of Government** and author of License to Steal: How Fraud Bleeds America's Health Care System.

http://www.miamiherald.com/news/miami-dade/watchdog-report/story/627480.html

http://www.miamiherald.com/news/miami-dade/watchdog-report/story/628285.html