



Republic of Namibia

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HEALTH CARE FRAUD SCHEMES

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1. Background:

Medical schemes play a significant role in funding private health care in Namibia. The schemes enable funding for medical related activities/treatment for their members. In these noble objectives also lies inherent risks. Lately, the Financial Intelligence Centre (FIC) has observed a worrying increase in typical "Health care fraud schemes". Health care fraud schemes, also known as Medical aid fraud refers to an intentional deception or misrepresentation that a person or entity makes, with the knowledge that the misrepresentation could result in some unauthorized benefit or payment for which no entitlement would otherwise exist. Such acts may be committed either for the person's own benefit or for the benefit of some other party. Health care fraud is one of the most complex form of financial fraud to detect, monitor and prevent.¹

The FIC has a duty to enhance public awareness with regards to known fraudulent schemes that the public could be exposed to. It is against this background that the FIC presents this communication.

2. How do these fraud scams operate?

Health care fraud is a serious and growing industry challenge that comes in many different guises. Whether fraudulent activities are committed by the medical scheme members, health care service providers individually or in collusion, it is eventually the members who collectively bear the burden. Usually, such burden is in the form of increased monthly or yearly contributions as schemes attempt to mitigate the effect of the losses suffered. The majority of health care fraud is committed by a small number of dishonest health care service providers and individuals posing as legitimate health care service providers. Below are some common health care fraud techniques used by dishonest service providers²:

Billing for services that were never rendered: Fraudsters or service providers may use genuine patient information, sometimes obtained through identity theft, to fabricate entire claims;

Billing for more expensive services or procedures than were actually provided or performed, commonly known as "upcoding". e.g, falsely billing for a higher-priced treatment than was actually provided;

Health care service providers may perform unnecessary medical services solely for the purpose of generating insurance payments;

Falsifying a patient's diagnosis and medical record to justify tests, surgeries or other procedures that may not have been performed (not medically necessary);

Billing separately for services that should have be included in single service fees; and

Intentionally soliciting, receiving, offering, and/or paying remuneration to encourage or reward referrals for items or services reimbursed by payer.

¹ <https://www.bizcommunity.com/Article/196/320/152457.html>

² <https://www.nhcaa.org/news/what-does-health-care-fraud-look-like.aspx>

3. How do I protect myself from healthcare fraud schemes?



Protect your medical aid and identification details: Treat your identification and medical aid details in the same manner you would with other important documents such as credit card numbers and others;



Beware of "free" offers. Offers of free health care services, tests or treatments are often fraud schemes designed to bill you and your health insurance institution illegally for significant amounts of funds for the treatments you have never received;



Learn more about your medicare's coverage rules. Be careful of false promises. For example: if a health care provider tells you that there is a way to get medicare to cover a service that normally is not covered;



Do not accept services you do not need. If a health care service provider is pressuring you into getting tests or other services you feel are unnecessary, turn down or request to get a second opinion from another service provider;



Use a calendar to record all of your doctor's appointments and any tests you may receive;



Do not contact your doctor/health care service provider to request a service that you do not need; and



Call your medical aid scheme immediately if you suspect you may be a victim of health care fraud.

Case Study 1:

During May 2015, KHKI Medical clinic owner (Dr. X) was convicted in a NAD15 million health care fraud scheme. It is said that Dr. X was involved in matters related to approximately 4,000 health insurance claims for more than 650 patients supposedly treated at the clinic within one month. After investigations, findings are that there were no patients who received medical services and no doctor, in such times, provided any medical services during the period indicated in the claims. The clinic owner was found guilty of 34 counts of health care fraud and 8 counts of money laundering for a scheme that billed about NAD 15 million in one month for the medical services that were not provided.

Case Study 2:

Dr. A, a general practitioner (TFFA Medical clinic owner) was arrested and indicted to have billed the medical-assistance programs for patients who were not seen or who have passed on before the alleged time of treatment. Dr. A billed the Government of Namibia for clinic visit or treatments during times when patients were not present, out of town and hospitalized, and times when he was out of the town (Windhoek). He also billed for times when his clinic was closed. About NAD 5 million was fraudulently billed and 37 counts of health care fraud were charged against the defendant and sentenced for 15 years in prison.

REMEMBER

It is fair to state that the majority of health care professionals are honest, hard-working, ethical professionals who avail essential services. However, there could be a minority who knowingly commit fraud against medical aid schemes, resulting in the loss of hundreds of millions of dollars every year. These health care professionals are effectively stealing from their own patients, who bear the burden of increased medical aid contributions periodically. To help minimize this risk, if you suspect that you could be victim of health care fraud, report such suspicions immediately to your medical aid scheme, the FIC or the nearest police station.