

Coming in November: Awareness, Celebration, and Recognition of Corporate Compliance and Ethics Week – also known as Compliance Week at UNM Health Sciences Center.

Fraud, Waste, and Abuse

Fraud, waste, and abuse (FWA) in the healthcare setting may result in millions of dollars in unnecessary or improper spending each year. FWA affects healthcare organizations, government programs, insurance companies, healthcare providers, and of course patients. Understanding what fraud, waste, and abuse means is important because we all have a responsibility to help detect, prevent, and report any of these activities.

What is Fraud?

Fraud is a deliberate and dishonest act that is committed with the knowledge that the dishonest act could result in an unlawful benefit(s) for the person committing the fraud or for someone else who is not entitled to the benefit. Several examples of fraud include: billing for services that were not provided, billing for services that were not medically necessary, misrepresenting the level of service provided, and billing for services that are not properly documented. Fraud can also take the form of unbundling services; this occurs when services that are bundled and billed together and are submitted separately to receive additional or higher payment. Upcoding is also considered fraud; upcoding is when a provider bills for a more expensive service than what was actually provided.

What is Waste?

Waste is the misuse or the inefficient use of healthcare resources that results in unnecessary costs. It differs from fraud in that waste does not involve deliberate deception. Examples of waste include: ordering extra or unnecessary laboratory tests, conducting unnecessary office visits, or prescribing more medication than what is needed to treat a condition. Waste may occur due to inefficient practices, poor decision making, or disorganization.

What is Abuse?

Abuse refers to actions or billing practices that are inconsistent with accepted medical, business, or fiscal practices that result in unnecessary costs or improper payments. Examples of abuse include: misuse of billing codes, excessive charges for services, supplies, or billing for services that are not medically necessary.

The primary difference between fraud, waste, and abuse is intent and knowledge of committing the act. Fraud requires intentional deception, whereas, waste and abuse do not necessarily involve intent or knowledge of the deception.





The following are federal laws that address fraud, waste, and abuse:

- **Anti-Kickback Statute** – prohibits knowingly and willfully offering, paying, soliciting, or receiving compensation in exchange for referrals involving federal healthcare programs.
- **Civil False Claims Act** – establishes liability for knowingly submitting false claims to the government and may result in significant financial consequences.
- **Health Care Fraud Statute** – prohibits knowingly and willfully executing schemes to defraud healthcare benefit programs.
- **HIPAA** – protects patients' health information by requiring individuals with access to protected health information to safeguard it appropriately.
- **Stark Law** – prohibits providers from referring Medicare patients for certain designated health services (DHS) to an entity the provider, or an immediate family member, has a financial relationship with.

It is everyone's responsibility when it comes to preventing, detecting and reporting fraud, waste, and abuse activity. As healthcare workers, it is our responsibility to be aware of suspicious activity, ensure that documentation and billing of services is accurate, follow policies and procedures of the organization, maintain ethical standards, and stay informed about any changes in laws or regulations.

Preventing fraud, waste, and abuse protects our patients, ensures services are provided to those who need them, preserves healthcare resources, and supports the integrity of healthcare programs.

Scan this QR Code to download the 2026 Compliance Week Schedule of Events or find on the Compliance Week Website.

While you're there, you can learn more about your automatic eligibility to win a loaded swag bag for completing the 2026 required compliance training: General Compliance; Fraud, Waste, and Abuse; and Code of Conduct/Codes of Professionalism and Conduct.

