



Healthcare Fraud

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Healthcare fraud is a pervasive and chronic issue that impacts the integrity of healthcare systems, diminishes patient trust, and causes increased healthcare costs. Healthcare fraud is most frequently associated with billing, such as upcoding, unbundling, and phantom billing. However, it is important to be aware of some of the lesser-known types of healthcare fraud.

Discount or rebate fraud involves manipulating discounts or rebates provided by pharmaceutical manufacturers to healthcare providers and pharmacies. The fraud occurs when higher reimbursements from commercial or government insurance companies are received because the amount of the discount or rebate is misreported. One example is when a pharmacy receives a rebate on a certain medication but reports the full price to the insurance company and keeps the difference.

Compounding pharmacy fraud can occur when a compound pharmacy bills for medications that are not actually compounded and are the same as commercially available or over-the-counter medications. Fraudulent activities also occur when compounded medications are prescribed without appropriate medical oversight, the cost of the ingredients is inflated to increase the reimbursement amount, or unnecessarily large amounts of the medication are produced.

Real estate fraud involving healthcare leases and free spaces is another kind of fraud to be aware of. In this type of fraud, space is leased from a hospital, clinic, or lab to a provider at below-market rates or provided for free in exchange for patient referrals. An example would be if a lab provides free office space to a provider in return for the provider encouraging patients to utilize that lab for services. This type of fraud violates the anti-kickback statute, as it provides financial incentives that influence medical decision-making.

As discussed here, healthcare fraud takes on many forms and all pose significant patient and financial risks. Awareness of the different types of fraud is necessary and essential to combat them, in addition to robust systems of oversight and enforcement of laws and policies.