FRAUD AND ABUSE

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FRAUD & ABUSE

The Health Security Plan

PROTECTING AGAINST FRAUD AND ABUSE

According to the General Accounting Office, health care fraud and abuse rob American taxpayers of as much as $80 billion each year. Common examples include overcharging for services, charging for medical care that was never delivered, delivering unnecessary services and providing financial incentives to doctors to refer patients to certain facilities.

Simplifying the health insurance system will eliminate opportunities for fraud based on exploiting today's complex system, both public and private. Reforms such as the adoption of standard forms throughout the industry and a uniform coding system will not only reduce administrative costs but also reduce opportunities for fraudulent billing.

Criminalization of Health Care Fraud

- For the first time, health care fraud will be a crime, and violators will face stiff penalties.
- A new health care fraud statute, modeled after existing mail and bank fraud laws, will establish penalties for schemes that defraud health plans.
- A new federal criminal statute will prohibit deliberatley making false statements to health plans, health alliances or state agencies.
- A new federal criminal statute will ban the payment of bribes, gratuities or other inducements to employees of health plans, health alliances or state government agencies.

Federal Anti-Fraud Efforts

- The scope of federal anti-fraud efforts will extend beyond government programs to include fraud in the private sector.
- The Departments of Justice and Health and Human Services will organize an All-Payer Health Care Fraud and Abuse Enforcement Program to coordinate federal, state and local law-enforcement activities.
- Federal authority to seize assets from fraudulent providers and to levy criminal penalties for health care fraud expand to include filing false claims against health plans and other fraudulent activity. Assets seized will be used to help support anti-fraud efforts.

Enforcement of Anti-Kickback Laws will be Enforced

- The existing anti-kickback law will protect all health plans, prohibiting the payment or receipt of any item of value as an inducement to refer patients for any type of health care service.

- With specific exceptions to ensure adequate services, physicians and other health professionals will be prohibited from referring patients to laboratories or treatment centers in which the health professionals have a financial interest.

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