EVERGREEN INSURANCE

Don't Just Insure it...

Medical Provider Fraud

Although your workers' compensation policy is intended to help cover the expenses that result from an employee becoming ill or injured on the job, various parties may attempt to abuse this coverage by committing insurance fraud. And while you may think that only employees can participate in such fraud (e.g., falsifying an injury to receive insurance benefits), this isn't the reality. Specifically, medical providers can also be potential perpetrators of fraud in your workers' compensation program.

Medical provider fraud occurs when a provider intentionally performs unnecessary services or engages in dishonest billing practices for the treatment of an employee's illness or injury. Providers who commit this type of fraud do so for their own financial gain—that is, to profit off of insurance payments. Medical provider fraud can carry numerous consequences for your organization, negatively impacting coverage costs and employees' recovery capabilities.

Don't let medical provider fraud become a problem within your workers' compensation program. Review the following guidance to learn about key forms of medical provider fraud and best practices to prevent this issue.

Main Forms of Medical Provider Fraud

Medical provider fraud can stem from an employee being treated for a legitimate illness or injury, as well as for a fake condition.

Such fraud can present itself in a variety of different ways, including:

- **Useless treatments**—This form of fraud refers to a medical provider conducting unnecessary examinations or procedures during an employee's recovery process, solely for the purpose of profiting from the associated treatment costs.
- **Deceptive billing methods**—In this fraud technique, a medical provider will charge for their services incorrectly to secure unwarranted payments. Examples of such fraud include billing for appointments or treatments that never happened, charging multiple parties for the same services, repeating a bill, leveraging false billing codes or issuing separate bills for treatments that are typically covered by a single fee.
- **Phony prescription or equipment expenses**—This type of fraud consists of a medical provider profiting from falsely portrayed prescriptions or equipment. For instance, a provider may give an employee a generic medication for their prescription, but charge for the cost of a more expensive or brand-name medication. In addition, a provider may give an employee used medical equipment for their illness or injury, yet sell the equipment as new. In some cases, a provider may even issue a bill for medical equipment that was never given to the employee during their recovery process.
- **Kickback schemes**—In this fraud method, a medical provider will work with other providers in a larger scheme, obtaining payments or other benefits in exchange for referrals. For example, a physician may unnecessarily refer an employee to a specialist doctor for further treatment in order to receive a kickback.

Preventing Medical Provider Fraud

Medical provider fraud can lead to several ramifications for your organization. First, faulty or prolonged treatments can negatively affect your ill or injured employees' healing capabilities—potentially causing them unnecessary pain and suffering, as well as extending their recovery times.

Second, such fraud can also elevate your overall workers' compensation expenses—resulting in costlier claims and a possible rise in your organization's experience modification factor (mod factor). What's worse, a higher mod factor contributes to increased premium pricing.

Fortunately, your insurance company helps monitor claims for signs of medical provider fraud. However, there are also steps that your organization can take to mitigate this form of fraud. Consider these best practices:

- **Partner with trusted providers.** Keep in mind that medical providers must be selected in accordance with your state's specific workers' compensation laws. As such, be sure to utilize compliant, high-quality medical providers within your workers' compensation program. These providers should be familiar with the particular conditions of your workplace and leverage this knowledge to adequately diagnose and treat your employees' illnesses and injuries.
- **Establish an effective return-to-work program.** Make sure your organization develops a return-to-work program that fully supports ill or injured employees throughout the recovery process and outlines safe, practical methods for employees to successfully transition back into their job roles.
- **Communicate with your employees.** As part of your organization's return-to-work program, be sure to regularly communicate with ill or injured employees during the recovery process. Take any concerns that your employees voice regarding their medical treatments seriously. If a serious or unusual procedure is recommended within the course of an employee's treatment plan, consider seeking a second opinion from another trusted medical provider before moving forward.
- **Look for discrepancies.** Based on the information provided from your ill or injured employees regarding their recovery, ensure you closely analyze all medical bills for possible discrepancies (e.g., extra charges, excess appointments or alternative treatments). Keep proper documentation of any discrepancies you may find.
- **Report your suspicions.** If you suspect that medical provider fraud is taking place within your workers' compensation program, report these suspicions to your claims adjuster immediately. From there, the issue will be fully investigated and—if necessary—corrective actions will be taken. Be sure to share any documentation of discrepancies that you discovered to assist with the investigation.

Contact us today for additional workers' compensation guidance and insurance resources.