Fraud, Waste and Abuse: Identification and Reporting

Quick Reference Guide

Fraud, waste and abuse cost the health care system billions of dollars every year and can increase risk to patients exposed to unnecessary procedures. To help reduce fraud, waste and abuse, please review this Quick Reference Guide and keep it handy so you know how to identify and report it.

Fraud, Waste and Abuse Definitions

The following definitions are based on state and federal law:

Fraud: Made with knowledge to intentionally deceive or misrepresent the need for an unauthorized benefit. This includes any act that constitutes fraud under applicable federal or state law.

Waste: Overuse, underuse or misuse of resources. Typically this isn’t a criminal or intentional act.

Abuse: Care provider practices that are inconsistent with sound fiscal, business, or medical practices, and result in an unnecessary cost, or in reimbursement for services that aren’t medically necessary or that fail to meet professionally recognized standards for health care. Abuse also includes recipient practices that result in unnecessary cost to the Medicaid program.

The most common types of fraud, waste and abuse include:
- Billing non-covered services or items
- Billing services or items not provided
- Billing unnecessary services and items
- Medical Identity theft
- Payments received in exchange for illicit actions

Fraud, Waste and Abuse Examples

Claims Activity

The False Claims Act requires a person or organizations to report and return overpayments or funds received from Medicaid that they’re not entitled to within 60 days of identification. Under this act, fraud, waste and abuse should be reported and investigated even if you don’t know whether a person has actual knowledge of intent to defraud.

Anti-Kickback Statute

Federal anti-kickback law is meant to ensure health care services are provided based on medical need and not financial or other types of incentives. It is a crime for:
- Insurance companies to offer, pay or solicit rewards to receive Medicaid business
- Care providers to accept a reward for providing Medicaid business to insurance companies

The Patient Protection and Affordable Care Act added a provision to the anti-kickback statute which states the intent to violate the law isn’t required for prosecution.
Consumer Fraud, Waste and Abuse
- Doctor shopping
- Prescription diversion and inappropriate use
- Stealing personal information to submit fraudulent claims

Pharmacy Fraud, Waste and Abuse
- Prescription drug switching
- Prescription drug shorting or splitting

Inappropriate billing practices, such as billing for:
- Brand name but dispensing generics
- Non-covered prescriptions as covered items
- Prescriptions never picked up

Prescriber Fraud, Waste and Abuse
- Knowingly receive compensation in order to increase business reimbursement
- Prescribing medications inappropriately or for non-medical use
- Prescription drug switching

How to Report Potential Fraud, Waste or Abuse
If you suspect fraud, waste or abuse, you have a responsibility to report it. You may report anonymously. Retaliation is prohibited if you make a report in good faith. You can report suspected fraud, waste or abuse by:
- Calling Provider Services at 888-650-3462
- Contacting the Iowa Department of Human Services’ fraud and abuse hotline at 800-831-1394

Additional Resources
For more information on reporting fraud, waste or abuse, go to cms.gov.

Reporting
Whistleblower Definition and Whistleblower Protections
- Individuals who file a complaint are known as “whistleblowers.”
- The Federal False Claims Act permits anyone with fraud information to file a complaint against the person or business committing the fraud.
- The Federal False Claims Act prohibits retaliation against individuals for investigating, filing or participating in a whistleblower action.