

Investigating Pediatric Fraud

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Demographics

- Children, ages 0 – 17^{*}: 74 million; 24% of population; 55/45 white/nonwhite ratio
- Childhood healthcare insurance^{*}: 90% insured; 2/3 private coverage; 1/3 public programs
- Physicians[#]: 661,000 total; 63,000 pediatricians; 82,000 family physicians
- Price tag of healthcare fraud⁺: \$2.26 trillion 2007 total spend; \$68B total fraud; \$12.9B Medicaid

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^{*} 2010 U.S. Census Bureau
[#] 2008 Bureau of Labor Statistics
⁺ 2007 NHCAA; 2008 U.S. OMB

Aspects of Medicaid Fraud

- Investigations centered in state-based Medicaid Fraud Control Units funded by annual Federal grants (75%) and state funding (25%).
- National Association of Medicaid Fraud Control Units (NAMFCU) coordinates activities and fosters communication among all 50 states.
- Common categories of fraud include billing for services not rendered, double billing, excessive implausible hours, falsifying credentials, billing brand-name prices for generic drugs and illegal kickbacks.



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Medicaid Fraud Examples*

- Maine business fraudulently billed for behavior management and physical/social development services to children with mental retardation, autism and other disabilities. Scheme included inflation of costs, addition of fictitious persons to payroll and services not rendered. False billings peaked at \$134,000 per month for a total of \$4 million over several years. Detected by audit.
- South Carolina pediatric dentist billed \$800,000 for services not rendered. Convicted of computer crime for accessing a computer system for purpose of receiving fraudulent payments. Complaints of other dentists led to detection.



* Source: NAMFCU 2011 Medicaid Fraud Reports

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Medicaid Examples (cont.)

- Florida speech pathologists and assistants defrauded Medicaid program of more than \$1.3 million. Providers allowed unsupervised assistants to deliver speech therapy to children in violation of Florida and Medicaid program rules. More than 8 arrests have been made and investigation is ongoing.
- Missouri licensed counselor charged with Medicaid fraud, forgery and stealing by deceit. Billed Medicaid for children's counseling services that she did not perform and forged parents' signatures on documents used to support the false billings.



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Medicaid Examples (cont.)

- Massachusetts pharmacist defrauded Medicaid program for >\$550,000 in false claims for HIV drugs. Used ID's of current Medicaid recipients and names of prescribing physicians who had not seen or treated the patients. Detected by a Medicaid program provider compliance unit.
- Arizona physician charged with operating a prescription drug and money-laundering scheme that defrauded Medicaid out of \$700,000 over 3 years. Operated pain management clinic 1 day per week with an unlicensed assistant. Billed for 150 visits per day and used EMR to 'document' services that were not actually rendered.



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Aspects of Private Sector Pediatric Fraud

- Investigations conducted independently by private insurance health plans with emphasis ranging from provider education to recovery to litigation.
- NHCAA supports efforts of individual health plans through information-sharing, education and training.
- Health plan SIUs maintain relationships with Federal and State law enforcement agencies.
- Common categories of fraud include billing for services not rendered, misrepresentation of services, inappropriate coding and lack of medical necessity.



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Features of Pediatric Practice

- Based on childhood development with an established schedule of well-child exams.
- Strong affiliation with the American Academy of Pediatrics.
- Emphasis on cognitive services rather than procedure orientation.
- High-volume setting with low unit costs.
- Below median earnings of both primary care and all physicians.
- Fewer opportunities for fraud and abuse but can benefit from a multiplier effect.



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CPT 99058

- CPT Manual definition: “Service(s) provided on an emergency basis in the office, which disrupts other scheduled office services, in addition to basic service.”
- CPT Asst. clarification: visit must involve a condition that interrupts the care of another patient; is not to be used for urgent care slots and/or “fit-in” appointments.
- Providers apply own interpretation to Manual definition and disregard CPT Asst.
- Potential for significant multiplier effect.



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CPT 69210

- CPT Manual definition: “Removal impacted cerumen (separate procedure), 1 or both ears.”
- CPT Asst. clarification: removal of ear wax must constitute a distinct procedure that may require instrumentation and magnification with required documentation of time, effort and equipment.
- Common occurrence of cerumen obscuring ear drum of young children tempts providers to use this code whenever they encounter ear wax of any kind.
- Clinical factors can impact use of code.
- Potential for significant multiplier effect.



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CPT 96110

- CPT Manual definition: “Developmental testing, limited (eg, Development Screening Test II, Early Language Milestone Screen), with interpretation and report.”
- Included among codes to be used for testing of cognitive function of central nervous system.
- Formulation of a separate report is expected.
- Billed by providers in conjunction with preventive medicine services.
- “Gray” area of determining what is included in “age-appropriate” periodic pediatric exam.
- Potential for significant multiplier effect.



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Additional CPT issues

- Modifiers 25 & 59: separate and distinct E/M services and procedures.
- 99354 – 99359: prolonged services.
- 99401- 99404: preventive medicine counseling.
- 81000 – 81005: urinalyses, automated v. non-automated, with or without microscopy.
- 94667: manipulation chest wall.
- 94664: demonstration and/or evaluation of nebulizer or inhaler.
- 92065: orthoptic and/or pleoptic training.



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Medical Necessity Issues with Chelation Therapy

- Chelation therapy is an established medically necessary treatment for heavy metal poisoning.
- Infusion of chemical agents that form inactive complexes with toxic heavy metals and enhance urinary excretion.
- Used most commonly in children for lead poisoning.
- Some providers advocate chelation therapy in children for autistic and/or attention deficit disorders.
- No evidence in medical literature to support such alternative pediatric uses of chelation.



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Medical Necessity Issues with Parenteral Immunoglobulins

- Infusion of intravenous immunoglobulin (IVIG) is an established medically necessary treatment for numerous immune deficiency disorders as well as for conditions that seem to benefit from immune enhancement.
- In contrast, there are dozens of disorders for which there is no evidence of effectiveness and for which IVIG treatment is considered experimental and investigational (E/I).
- Some of the E/I uses include inappropriate treatment of childhood developmental and neuropsychiatric conditions.
- Importance of prior authorization.



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Future Approaches to Investigating Pediatric Fraud

- For public sector Medicaid fraud, be aware that “anything goes” and develop detection schemes that capture a wide array of providers.
- For private sector fraud and abuse involving pediatricians, look for common office practices.
- Understand that multiplier effect can transform the abuse of low unit-cost services into large monetary losses.
- Expect pediatricians to eventually mimic abuse patterns of adult medicine and specialty practice.
- Understand that pediatric fraud can be found among non-pediatricians.

