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Health Care Fraud Investigations

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Fraud Investigations Update

OFFICE OF INSPECTOR GENERAL

- Office of Audit Services
- Office of Investigations
- Office of Evaluations and Inspections
- Office of Counsel to the IG

OIG Office of Investigations

- Fraud against Medicare/Medicaid programs
 - Individuals, facilities, or entities
 - Billing Medicare for services not rendered
 - False claims
 - Joint efforts with FBI, U.S. Postal Inspection Service, IRS, State Medicaid Fraud Control Units

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Fraud Investigations Update

- OIG 2001 Semi-Annual Report
 - Over \$18 billion fines, savings, & restitution
 - Collected \$1 billion + investigative receivables
 - Excluded 3,756 individuals and entities

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How are the savings achieved?

- TAP Pharmaceutical Products Inc.
 - \$875 million fraudulent pricing & marketing
 - CIA: Government oversight marketing & pricing
 - \$560 million for fraudulent Medicare, Medicaid claims

Other Settlements/Cases

- Bayer AG
 - \$14 million settlement for allegations of fraudulent Medicaid claims
- Glaxo Wellcome
 - Nov. 2001 sued for fraudulently inflating the AWP of certain drug
- 28 pharmaceutical companies
 - Dec. 2001 alleged to have overcharged Medicare \$800 million by overstating AWP

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Future of Fraud Investigations

OIG Work Plan for FY 2002

- Major Focus on Quality Issues
- Many new Pharmaceutical Initiatives
- Increased Funding for Investigations

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OIG Work Plan Initiatives

- Medicare
 - Nebulizer inhalation drugs
 - Epogen Use in Renal Dialysis
 - Drug Coverage Variances Among Carriers
 - Medicare, Medicaid, & DVA Price Comparison
 - Appropriateness of payments for Clinical Trials

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Work Plan Initiatives Cont..

- Medicaid
 - Compare AWP of drugs to actual costs for providers and DVA
 - Analyze effects of new versions of existing drugs on Medicaid drug rebate program
 - Evaluate prices of mental health drugs compared to other government payers

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Work Plan Initiatives Cont..

- Gifts to Providers
 - Study the amount and nature of drug companies' gifts and payments to physicians
- Clinical Trials
 - Determine if producers of drugs/devices appropriately monitor clinical trials they sponsor

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Office of Investigation Initiatives

- Focus Areas as stated by OI in Work Plan
 - Pharmaceutical Fraud
 - Quality of care issues for beneficiaries residing in care facilities
 - Business arrangements that violate the anti-kickback statute

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Funding for Fraud and Abuse

HIPAA

- Revolving Fund to Support OIG, FBI, and DOJ Investigative Costs
- Funding to increase in 2002 and 2003

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Summary

- Expect continued scrutiny of the pharmaceutical industry, especially in the area of sales and marketing
- Providers should also be concerned about inappropriate gifts or benefits from Rx companies
- Quality of care issues will continue to be investigated