

The Medicare & Medicaid “FAST” Act of 2011

Fighting Fraud & Abuse To Save Taxpayer Dollars

According to a number of estimates, Medicare and Medicaid lose tens of billions of dollars to waste, fraud and abuse each year. Here are some solutions the Medicare & Medicaid FAST Act proposes to save taxpayer dollars.

Prevent Medicare Thieves From Pretending To Be Doctors

Problem: Law enforcement officials have reported incidences where “dead” doctors have approved the purchase of medical equipment and supplies and billed Medicare. A convicted Medicare fraudster recently testified to the Congress that protecting the federal database of provider billing information is critical to stop criminals.

Solution: The FAST Act would make it more difficult for bad actors to misuse Medicare provider billing information, such as physician identification numbers used to prescribe drugs. The legislation requires that the Center for Medicare and Medicaid Services and law enforcement take steps to curb the theft of physician identities. This would include better security over the database of Medicare providers, as well as improve the provider verification system to ensure that physicians who prescribe services are legitimate (i.e. not dead or banned from practicing medicine).

Prevent Criminals And Drug Addicts From “Pharmacy Shopping”

Problem: The Government Accountability Office has found beneficiaries that were going to six or more doctors and multiple pharmacies for the same type of controlled substance drug. In these cases, beneficiaries were either feeding their pain-killer addiction, or selling the extra pills on the street. Drug dealers made the profit, while the federal government footed the bill, costing millions of taxpayer dollars.

Solution: The FAST Act creates incentives so that all states will establish robust prescription drug monitoring programs that flag instances where criminals and drug addicts try to fill multiple prescriptions in one day or attempt other fraudulent practices. Law enforcement officials have applauded these monitoring programs that have been established in many states around the nation.

Phase Out The Medicare “Pay And Chase” Policy

Problem: Medicare currently practices what is often called “pay and chase” in which a Medicare provider is paid, and then chased down later for a refund once an error or fraud is detected. Too often the improper payment is never recouped.

Solution: The FAST Act requires that the Centers for Medicare and Medicaid Services perform prepayment checks of Medicare reimbursements across the nation, before payments are made. For example, Medicare rules require that emergency ambulance rides have to match an emergency room visit in order to receive reimbursement. But these cross-checks to prevent ambulance rides to nowhere are only happening weeks or months after payment. By preventing questionable payments being made in the first place, we can better ensure legitimate Medicare reimbursement.

Encourage Seniors to Report Possible Fraud And Abuse in Medicare

Problem: Medicare beneficiaries are a key “front line” force that should partner with Medicare. More seniors should become engaged, and learn how to review their quarterly Medicare statements that list their doctor visits and other services. The Senior Medicare Patrol, a team of volunteers and staff, are available to assist Medicare beneficiaries with many issues, ranging from billing or coding errors to potential fraud, abuse, or waste of Medicare and Medicaid funds.

Solution: The FAST Act requires Medicare officials to improve outreach to our nation’s seniors in order to engage even more Medicare beneficiaries in the fight against waste and fraud, especially through the work of the Senior Medicare Patrol.

Implement Reforms to Help Prevent Overpayments When Errors Are Identified

Problem: Each year, Medicare makes tens of billions of dollars in improper payments, which are overpayments and other errors. In order to identify and recoup the overpayments, Medicare has a Recovery Audit Contracting program, which has private contractors comb the lists of Medicare reimbursements to find improper payments. During a pilot program, Medicare recovered roughly \$1 billion in Medicare improper payments in just five states.

Solution: The FAST Act requires that the Centers for Medicare and Medicaid Services closely track the overpayments identified by the Recovery Audit Contractors, and implement solutions that will close loopholes, stop patterns of double billing and take other steps. In this way, CMS can better prevent improper payment from happening in the first place.

Improve Data-Sharing and Deploy Smart Technologies To Better Identify Fraud

Problem: Current government fraud tracking systems are fragmented and antiquated. The National Health Care Anti-Fraud Association has proposed improved data analysis to curb waste and fraud.

Solution: The FAST Act would improve the current sharing of information between federal and state entities by requiring the Centers for Medicare and Medicaid Services, the Department of Justice and state Medicaid offices to share fraud data. For example, some federal lists of disbarred or deceased medical providers are only infrequently shared between federal agencies. The FAST Act also adopts several best practices from the private sector, such as credit card companies, to identify and prevent fraud, including the use of cutting-edge data analytics and modern computer modeling. The Centers for Medicare and Medicaid Services and law enforcement could more quickly identify major fraud schemes by organized crime that use sophisticated techniques to “game” the Medicare payment system.

Incentivize Medicare Contractors To Avoid Overpayments And Errors

Problem: Last year the Medicare fee-for-service programs made \$34.3 billion in improper payments, a 10.5% error rate. Preventing improper payments is critical if we are going to control medical costs. Medicare reimbursement to hospitals, physicians, medical supply companies and other providers are handled by private bill-paying companies. However, these private company contract fees are not linked to avoiding payment errors.

Solution: The FAST Act establishes improved payment accuracy and other critical steps as benchmarks for the bill paying companies’ under contract with the Medicare program. By incentivizing the contractors to avoid errors and overpayments, the improper payment rate should shrink.

Increase Penalties For Fraudulent Use of Patient or Provider Information

Problem: Bad actors who trying to cheat the Medicare system regularly obtain lists of Medicare beneficiary and provider identification numbers, and sell them to other criminals to perpetuate fraud against the Medicare program.

Solution: The FAST Act, for the first time, outlaws the fraudulent purchase, sale, or distribution of Medicare beneficiary and provider identification numbers. Stiff penalties will help prevent wholesale Medicare fraud, especially by organized crime rings.