

Discovery Health recovers R555m in fraud, waste and abuse savings for 2018

In 2018, Discovery Health's efforts to curb fraud, waste and abuse in the healthcare system resulted in a substantial R555m recovered on behalf of client schemes. "We also estimate that the 'halo' effect of our extensive fraud, waste and abuse-control activities has prevented additional fraud, waste and abuse to the value of approximately R5.1 billion in the past couple of years," says Discovery Health CEO, Dr Jonathan Broomberg. "This effect plays out as those who are contemplating fraud, waste and abuse to desist from doing so, in reaction to visible action by Discovery Health and most likely other stakeholders as well," adds Broomberg.

Discovery Health has invested substantially in fighting the scourge of healthcare fraud, waste and abuse. Efforts include the deployment of a specialised team of over 100 analysts and professional investigators as well as a proprietary forensic software system that uses continually updated algorithms to analyse claims data and identify any unusual claim patterns. Invaluable tip-offs from whistle blowers also help to identify fraud, waste and abuse. The volume of cases investigated to the forensic unit continues unabated with the trends of the top offenders, provinces and types of offences remaining relatively unchanged. Of the 5443 cases that were reported for possible irregularities, concerns were confirmed on approximately 75% of investigations.

Top offences by region

Regions with the highest number of fraud, waste and abuse cases investigated in 2018 include the Limpopo province which tops the list (201 cases per 100,000 DHMS lives – down from 226 cases per 100,000 DHMS lives in 2017), followed by Free State (89 – up from 55 cases in 2017) and the North West (89 – up from 70 cases in 2017).

Fraud, waste and abuse cases were also investigated in the Eastern Cape (85– up from 70 cases in 2017), Gauteng (83 – up from 73 cases in 2017), Kwa Zulu Natal (79 – up from 72 cases in 2017), Mpumalanga (66– down from 95 cases in 2017) and the Western Cape (53 – up from 47)

The least number of fraud, waste and abuse cases investigated in 2018 emanate from the Northern Cape (33– down from 52 in 2017).

The vast majority of healthcare providers are honest, hard-working, highly ethical professionals who deliver diligent care to their patients. "However, forensic investigations reveal that a minority of healthcare professionals committed fraud against medical schemes, resulting in significant costs to schemes and their members," explains Dr Broomberg.

"Medical aids are not-for-profit entities, solely funded by member contributions. This means that schemes have finite resources from which to pay member claims. The burden of lost funds as a result of fraud, waste and abuse would be significantly more serious in the absence of our rigorous approach to investigating potential fraudulent behaviour and dealing decisively with fraud, waste and abuse when it is identified. Without this rigorous approach, fraud, waste and abuse depletes the available pool of funds needed for healthcare treatment for members, and drives up premiums," explains Dr Broomberg.

Types of fraud, waste and abuse cases identified in 2018 were:

- Claims submitted for services not rendered (40%)
- Capturing errors by a practice (16%)

- Procedural codes applied incorrectly by healthcare providers – e.g. using a code that carries a higher value than the service performed (12%)
- Outlier trends are identified for a practice – an audit is needed to verify claims (11%)
- Duplication of claims (6%)
- Claims by non-members (4%)
- Claims for more expensive items or items different to those supplied (4%)

Examples of fraud, waste and abuse committed in 2018 include:

1. *Sharing patient records for profit*

When a registered nurse's income jumped from R10 000 to R500 000 per month analysis revealed a spike in claims related to very expensive intravenous feeding product – carried out at a hospital far from the nurse's registered address. The registered nurse was unknown to this hospital. He admitted that a nursing sister employed at the hospital in question had shared patient information with him to facilitate the fraudulent claims under the registered nurse's practice number. They shared the proceeds. The registered nurse was dismissed. A criminal case has been registered against both individuals for fraud in excess of R3 million.

1. *Oxygenator Supplier device fraud*

The sale of oxygen concentrators and portable concentrators accounts for 97% of R 2,6 million paid to a supplier. This practice continued billing for an oxygen rental unit even after a member had changed suppliers - with a spike in monthly payments from R 17 000 to R 540 000, over 8 months. Investigation revealed 'Respiratory Specialist' staff members who were not medically trained, claims for home-use concentrators and portable concentrators where members only received one unit, a signed delivery note later altered to include an additional unit - never supplied, billing one amount to the scheme and a higher amount to a client who paid the balance - and more. Devices were sourced from a company based in China and prices were inflated ten times on resale. Discovery Health client schemes have stopped funding the practice completely.

Fraud, waste and abuse threatens the future of healthcare

"Although we have secured large recoveries as a result of our fraud, waste and abuse avoidance efforts, we believe that this is only part of the story, and fraudulent activity and billing abuse most likely costs medical aid schemes several billion Rand per year. These precious funds could be used to pay for the critical healthcare needs of our medical aid members," explains Dr Broomberg.

Alongside a host of other local medical aids and their administrators, Discovery Health is working closely with the South African Medical Association, IPAs and other industry bodies to ensure zero tolerance for fraud, waste and abuse and to ensure that all offenders are brought to book. "As a criminal offence, healthcare fraud, waste and abuse not only tarnishes the good name of honest health professionals but is a grave injustice against medical aid members, driving up premiums and depriving them of benefits," adds Broomberg.

If you would like to report any suspicious behaviour relating to fraud, waste or abuse you can call 0800 00 45 11 (toll free phone number) or email discovery@tip-offs.com

For media related enquiries please contact Thulaganyo Khensani Mthombeni on 011 529 0091 or email Khensanimth@discovery.co.za

Discovery information

About Discovery

Discovery Limited is a South African-founded financial services organisation that operates in the healthcare, life assurance, short-term insurance, savings and investment and wellness markets. Since inception, Discovery has been guided by a clear core purpose – to make people healthier and to enhance and protect their lives. This has manifested in its globally recognised Vitality Shared-Value insurance model, exported to over 19 countries and reaching over 11 million members. Discovery trades on the Johannesburg Securities Exchange, with a market cap of \$7 billion.