

# Fraud, Waste, and Abuse Vendor Training

## HMSA's Special Investigations Unit

2025



An Independent Licensee of the Blue Cross and Blue Shield Association

# FWA Training

## You Will Learn

1. What fraud, waste, and abuse (FWA) are and how to detect it
2. Laws and regulations related to health care FWA
3. How to report FWA
4. HMSA's FWA policies

# You Play an Important Role

## Combating FWA is everyone's responsibility

- You are part of the effort to prevent it – and we need you to:
  - ✓ Participate in this training
  - ✓ Understand what FWA is
  - ✓ Report suspected FWA
  - ✓ Follow our Code of Conduct
  - ✓ Review and follow the FWA Policy Manual
- You are protected when reporting in good faith
- Your actions protect members and ensure program integrity

# What is Fraud?

**Fraud is** intentionally submitting (or attempting to submit) false information to the health care benefit program, government, or a government contractor to get money or a benefit.

Examples of fraud:



Provider: Billing for services not provided; upcoding or unbundling services



Member: Using someone else's insurance; falsifying eligibility information



Vendor: Submitting inflated or fake invoices; kickback arrangements



Employee: Manipulating claims for personal gain; accepting gifts for favorable treatment

# What is Waste?

**Waste is** the over-utilization of services or other practices that directly or indirectly result in unnecessary costs. Waste is generally the misuse of resources.

Examples of waste:



Provider: Ordering excessive tests; scheduling frequent follow-ups



Member: Going to the ER for minor issues; requesting unnecessary referrals



Vendor: Performing duplicative tasks; repeatedly processing claims for terminated members or providers



Employee: Routinely approving requests without full review; inefficient workflows causing delays and rework

# What is Abuse?

**Abuse is** actions that directly or indirectly result in unnecessary costs to any health care benefit program.

Examples of abuse:



Provider: Billing for services that are not medically necessary



Member: Providing false information for non-covered services



Vendor: Charging excessive rates compared to market norms for similar services



Employee: Favoring certain vendors or providers without proper justification

# What to Look Out for: Provider FWA

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Medically unnecessary services

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Diagnosis billed isn't supported in the medical record

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The provider bills for services not provided

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Prescriptions written are primarily for controlled substances or high-cost topical drugs

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The provider is writing prescriptions for higher quantities than is medically necessary

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The provider bills for a more complex service than what was provided (upcoding)

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The provider submits multiple claims for the same service (duplicate claims)

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Provider is rendering more services than possible and/or outside of their normal business hours

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Suspicious foreign medical claims

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# What to Look Out for: Member FWA



Prescription  
drug abuse



"Doctor shopping"  
for multiple  
prescriptions to treat  
the same medical  
condition



Using another  
person's insurance  
card to obtain health  
care services or  
prescriptions



Misrepresenting  
one's eligibility status  
to obtain medical  
benefits



Falsely adding an  
individual to a plan  
as a dependent



# What to Look Out for: Internal FWA



Denials of payment for medically necessary services



Deliberately deterring members from receiving medically necessary services



Falsification of information provided to the federal or state government



Paying claims that are known to be non-covered services



Participating in unlawful marketing schemes

# Federal False Claims Act

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Any person who knowingly presents or causes to be presented a false or fraudulent claim to the U.S. government for payment

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Intent is not required; persons and organizations can be prosecuted for conduct that leads to the submission of fraudulent claims

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Examples: Knowingly making false statements, falsifying records, double-billing for items or services, or submitting bills for services or items never furnished

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**Whistleblower Provision:** Allows individuals who report potential false claims to sue on behalf of the government and retain a percentage of the judgment amount (15%-30% of the money collected)

# Health Care Fraud Statute

This statute makes it a criminal offense to knowingly and willfully execute or attempt to execute a scheme to defraud any health care benefit program.

- Conviction under this law doesn't require proof that the individual had actual knowledge of the law or the intent to violate the law

 **Penalties:** Punishable by imprisonment for up to 20 years, criminal fines of up to \$250,000, or both

# Anti-Kickback Statute

It's illegal to knowingly and willfully solicit, receive, offer, or pay remuneration (including any kickback, bribe, or rebate) for referrals for services that are paid in whole or in part under a federal health care program.

**Penalty:** Fine of up to \$25,000, imprisonment up to five years, or both

# Other FWA Health Care Related Laws & Regulations

## **Health Insurance Portability and Accountability Act (HIPAA)**

- The HIPAA Privacy Rule provides federal protections for individually identifiable health information held by covered entities and their business associates
- The Security Rule identifies administrative, physical, and technical safeguards to ensure the confidentiality, integrity, and availability of electronic-protected health information

## **Patient Protection and Affordable Care Act of 2010**

- The Affordable Care Act established new health care fraud enforcement tools, enabled the government to more easily recover overpayments resulting from fraud, made obstruction of a fraud investigation a crime, increased the federal sentencing guidelines for large scale health care fraud offenses, and authorized greater monetary penalties for many actions associated with health care fraud

## **Physician Self-Referral Prohibition Statute (Stark Law)**

- Stark Law prohibits physicians from referring Medicare and Medicaid patients for designated health services to a business entity with which the physician or a member of their immediate family has a financial relationship
- The affiliated entity is also prohibited from billing for services rendered from that prohibited referral

## **Civil Monetary Penalties Law**

- The Civil Monetary Penalties Law establishes significant civil monetary penalties against individuals or entities that engage in various activities, including submitting false or fraudulent claims to a federal health care program and receiving or paying kickbacks in exchange for referral of a federal health care program beneficiary

# Excluded Entities

HMSA's government plans will not make payment for items or services furnished to corresponding benefit plan members by health care providers who have been sanctioned (excluded or debarred) by the following entities:

OPM-OIG

HHS-OIG

Hawaii's Med-  
QUEST Division  
(MQD)

Office of Foreign  
Assets Control  
(OFAC)

System for Award  
Management (SAM)

CMS

You must regularly check your employees, subcontractors, providers, and suppliers against these lists to make sure we don't hire or do business with an excluded party

# FWA Reporting Expectations

- HMSA shares FWA allegation and case information with regulatory entities
- HMSA's Federal Employee Health Benefit Plans (FEHBPs) require mandatory case sharing after a preliminary investigation is conducted and an affirmative step to expand, further investigate, develop, and/or close an allegation/complaint related to FWA

**Suspected or potential FWA should be reported to the Special Investigations Unit (SIU) to ensure timely case referrals to regulatory partners and/or law enforcement.**

## Mandatory Reporting

- HMSA is a mandatory reporter for suspected adult and/or child abuse
- If adult or child abuse is suspected, it must be promptly reported to the Department of Health and Human Services (DHS)
- For more information on reporting adult and/or child abuse, please see the Department of Human Services Social Services Division at [www.humanservices.hawaii.gov](http://www.humanservices.hawaii.gov)

# Reporting FWA to HMSA

If you suspect potential or actual FWA, report it to your HMSA vendor manager or contact, HMSA's Special Investigations Unit (SIU)

- You don't need hard evidence to report
- You don't need to catch someone red handed
- You may report anonymously and confidentially; retaliation is prohibited when you report a concern in good faith

## **Special Investigations Unit Fraud Hotline:** (808) 948-5166

- You have the option to remain anonymous; your call won't be traced (caller ID has been disabled)
- Your FWA allegation will be handled with the appropriate level of confidentiality by an SIU staff member

## Other Ways to Report FWA

- You may report concerns directly to the HMSA's Special Investigations Unit:
  - By email: [Fraud&Abuse@hmsa.com](mailto:Fraud&Abuse@hmsa.com)
  - Online form: [hmsa.com/help-center/fraud/#report](https://hmsa.com/help-center/fraud/#report)



# HMSA's FWA Policy Manual

Please review HMSA's FWA Policy Manual



The FWA manual is published on BlueWire  
in the Policies section under Knowledge



If you don't have access to BlueWire, please contact your vendor manager  
for a copy of the manual and appendix