



**Center for Program Integrity**

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To: Medicare Advantage Organizations  
Medicare Part D Sponsors

From: Kimberly Brandt, Director  
Medicare Program Integrity Group

Date: June 1, 2010

Re: Part C Infusion Therapy Fraud Update

**Background**

On March 25, 2009, the Centers for Medicare & Medicaid Services (CMS) issued a Health Plan Management System (HPMS) alert concerning infusion therapy fraud moving from the Medicare Fee-For-Service (FFS) Program into Medicare Advantage Organizations (MAOs).

Initially, the fraudulent billing primarily involved beneficiaries and providers from Florida and Georgia. However, since 2009, the scheme has expanded into the following states: Alabama, Mississippi, Louisiana, Texas, North Carolina, South Carolina, and Ohio.

**Issue**

Infusion therapy involves Current Procedural Terminology (CPT) codes that begin with the letter J, commonly referred to as “J-codes”. Infusion therapy is typically associated with human immunodeficiency virus (HIV) and cancer-related diagnoses and requires that qualified practitioners administer the medications in a clinical setting. However, no legitimate service is being provided in this scheme.

Health Integrity’s (HI) initial investigation into the fraudulent infusion therapy claims identified approximately 3,000 Medicare beneficiaries who had their Health Insurance Claim Numbers (HICNs) compromised. In January 2010, following HI’s referral to law enforcement, the U.S. Attorney’s Office (USAO) in Miami prosecuted eight individuals pertaining to this fraud scheme, two of whom were employees of Social Service Coordinators (SSC), located in Miami, Florida. The USAO’s more in-depth investigation determined that an additional 3,000 beneficiary identities, for a total of approximately 6,000, were stolen by the two former employees of SSC. Although these individuals are incarcerated, the scheme is still ongoing.

To date, HI is aware of 16 MAOs that have received fraudulent infusion therapy claims.

## **Scheme**

- Phony clinic is incorporated in the appropriate State and is also frequently incorporated in the State of Florida
  - Clinic addresses are typically mail box stores (UPS Store or Mail Boxes Etc.) or apartment buildings
- National Provider Identifier (NPI) and Tax Identification Number (NPI) are obtained
- Provider names from the geographic area of the phony clinic are obtained
- Beneficiaries are fraudulently enrolled into a Medicare Advantage Plan
  - Online enrollment of six to ten beneficiaries
  - Telephonic enrollment via cellular phone
- Perpetrator places call to the MAO to verify enrollment of beneficiaries
- Beneficiary addresses and phone numbers are changed so the MAO is unable to validate
- Outbound Education and Verification (OEV) calls to beneficiaries usually go to voice mail or are not answered
- Perpetrator fraudulently bills MAO for infusion therapy
- MAO sends hard copy check to perpetrator

## **Warning Signs**

- MAO cannot verify beneficiary address or telephone number
- Clinic address is the address of a mail box within a UPS Store, Mail Boxes Etc. location, or an apartment building
- Combinations of medications indicated on the claims are medically contraindicated
- The number and frequency of infusion therapies exceed typical treatment amounts
- Beneficiaries have low utilization of other health care services
- Beneficiary states they have never received the therapy and they do not know the prescriber or clinic
- Prescriber states they do not know the beneficiary or clinic
- Paper checks are used instead of electronic payment
- Checks may be deposited at banks outside the United States

## **Requested Action**

This scheme has been observed to occur primarily in MAOs offering Private Fee-For-Service (PFFS) and in Preferred Provider Organization (PPO) plans. CMS is requesting all MAOs, especially those offering PFFS or PPO products, examine its procedures in place to combat Fraud, Waste and Abuse (FWA), specifically its procedures for the review, approval, and payment for infusion therapy.

If any MAO identifies a pattern of high or suspicious billing for infusion therapy, or has information related to this scheme, please contact CMS' National Benefit Integrity Medicare Drug Integrity Contractor (NBI MEDIC), Health Integrity. The Health Integrity contact, Carl Florez, can be reached at (904) 471-4343. If you have any questions regarding this HPMS alert, please contact Connie Herbstman at (617) 565-1284 or Bobbie Knickman at (410) 786-4161.

## **CMS' Working Groups**

In an ongoing effort to detect, prevent, and correct FWA, CMS and the NBI MEDIC have established Part C and Part D Working Groups. The focus of the Part C and Part D Working Groups is to gather Plan Sponsors for information sharing, such as identifying potential subject providers, and tracking and trending this information to assist in reducing FWA in the Part C and Part D programs. The next Part C Working Group quarterly meeting will take place on June 30, 2010 at the Sam Nunn Federal Building in Atlanta, Georgia. Please contact Martina Gilly at 678-402-8514 ([gillym@healthintegrity.org](mailto:gillym@healthintegrity.org)) for additional information about these Working Groups. The next Part D Working Group quarterly meeting is tentatively scheduled for August. Details of that meeting will be provided as they become available.