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## **Billing for Services Not Rendered**

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### **The Scenario**

The auditor was reviewing Defense Hotline referrals and noted numerous Tricare Management Activity members were submitting complaints indicating that their recent Explanation of Benefit reports contained charges for medical treatments that were not received. The auditor contacted Tricare Management Activity management to determine if they were aware of allegations of phony charges for medical treatments. Tricare Management Activity representatives stated that their recent member survey showed a pattern of complaints from members for medical charges and claims for medical treatments that were not received by members or their dependents.

The auditor compared provider statements of services to those actually billed to Tricare Management Activity by a third party billing agency. The suspect billing agency was identified by the auditor through a review of questionable Explanation of Benefits. The auditor also sent beneficiary questionnaires to select Tricare Management Activity members to assist with determining if services billed were actually received. Data searches of claims were also conducted to identify potentially fraudulent claims for services not rendered and/or unusual billing patterns. Comparison of provider statements, third party billings, beneficiary questionnaires, and data searches exposed a pattern of fraudulent billings for phony medical services and treatments that were never provided. The auditor's report contained the following findings:

- Beneficiaries were billed for treatments received in different parts of the United States on the same days.
- Beneficiaries were billed for inpatient services received at different hospitals on the same dates.
- Some beneficiaries were not in the country on the dates the claims for services were submitted for payment.
- Doctor visits never occurred on dates when prescription refill claims were filed.

**General Comments / Lessons Learned.** Billing for services not received is a common fraud scheme identified by the Department of Defense Inspector General and the Tricare Management Activity Program Integrity Office. One of the easiest ways to prevent and detect unauthorized billings is to encourage service members to review their EOBs and report any irregularities to the Tricare Management Activity Program Integrity Office or Department of Defense Hotline. This scenario also highlights how auditors can use more than one tool to assist with identifying fraudulent activities. Because fraud is often hard to detect auditors need to think outside the box when performing their work. For example, questionnaires developed by the auditor and data analysis performed by the

auditor, when combined, can be useful tools to assist with detecting potential fraud schemes.

#### **FRAUD INDICATORS**

- **Discrepancies between provider statements of service and those billed to Tricare Program Activity by a third party billing agency.**
- **Irregularities between services billed to TMA and beneficiary responses regarding services received.**
- **Inaccuracy of Explanation of Benefits information.**
- **Beneficiaries receiving care in different states on the same dates, beneficiaries receiving inpatient care in two different hospitals on the same dates, beneficiaries out of country when the claims for services were filed, and doctor visits never occurred on dates that claims for prescriptions refills were submitted.**