
Healthcare Eligibility Fraud

The Scenario

The auditor was working on a review of the eligibility status of individuals and families receiving Tricare Management Activity (TMA) benefits.¹ During this review, the auditor examined a sample of patient files extracted from the Defense Enrollment Eligibility Reporting System (DEERS) and personnel files obtained from Department of Defense agencies. Four audit sample files contained the following information:

- A service member's personnel file contained a copy of their divorce decree dated two years before the auditor's review. However, DEERS data showed that the former spouse continued to receive medical benefits because their change in eligibility status was not updated in DEERS.
- An enlisted sponsor served on active duty in the Air Force from 1990 to August 2002. From September 2002 to August 2004, the individual and his family had no healthcare eligibility but continued to receive benefits. The auditor believed that this situation might have been caused by a lack of administrative oversight by the responsible Department of Defense agency.
- A retired reservist's former spouse was receiving medical benefits. Review of personnel files disclosed that the couple had been married for thirty five years, which included the twenty years the husband served in the reserves. The auditor concluded that the unmarried former spouse was able to receive benefits under the "20-20" rule, which requires that a spouse must be married to the same service member for at least twenty years, and at least twenty of those years must be credited to determining the member's eligibility for retirement pay. As a result, the spouse's healthcare eligibility was valid.
- A file for a service member's dependent son disclosed excessive medical claims for treatments received during a six month period. The auditor interviewed the service member and discovered that his son was in good health. The service member recalled that his son had lost his military dependent identification card and might not have reported it as missing. The service member recently received an explanation of benefits report (EOB) from TMA detailing medical treatments that his son did not receive. The same EOB also listed a contact person that the family did not know. Within the past week, the service member contacted TMA officials when he was denied a car loan because his credit report showed numerous unpaid medical bills for treatments that family members did not receive. Based on these facts, the auditor believed that the family was a victim of medical identity theft, a little known consumer fraud that has been rising in recent years.

¹ Healthcare eligibility determination is a function of the Uniformed Services.

General Comments / Lessons Learned. The healthcare eligibility frauds described in this scenario and similar healthcare fraud schemes can lead to higher insurance premiums for all TMA members. It is the responsibility of the sponsor, beneficiary, parent, or legal representative, to provide the necessary evidence to establish and update healthcare eligibility status in DEERS. However, if changes in eligibility status are not reported, the service member and their families can continue to receive unauthorized benefits. Eligibility fraud can also occur when a sponsor fails to ensure that their former spouse surrenders their military dependent identification card and does not update DEERS records to reflect the divorce or other changes in status that can affect healthcare eligibility.

Medical identity theft is largely a hidden crime and often goes unreported. Medical identity theft and fraud occur anytime someone uses another person's name or military service identification card to receive medical care. The service member's identifying information can be used to obtain drugs, expensive medical treatment, and fraudulent insurance payments. Additional information on ways to prevent medical identify theft is located on the TMA Program Integrity Office website, www.tricare.mil/fraud.

FRAUD INDICATORS

- **Information in DEERS is not consistent with information in the service member's personnel file or other agency records. Examples of inconsistencies can include births, deaths, marriages, divorces, and changes to child custody status.**
- **The Department of Defense agency does not have procedures to ensure that information in DEERS is accurate and does not monitor changes to employee eligibility.**
- **Medical claims appear excessive or are not consistent with the beneficiary's healthcare history.**
- **Billing address or other contact information on the EOB is not consistent with DEERS data.**
- **A member or dependent's military identification card was lost and not reported, or their former spouse did not surrender their military dependent identification card.**
- **EOBs contain charges for medical services that were not received.**
- **Service member's credit reports show a pattern of unpaid bills for medical services that were not received.**