



Coalition Against Insurance Fraud

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Dennis Jay
Executive Director

A national coalition of consumers, government agencies and insurers dedicated to combating all forms of insurance fraud through public information and advocacy.

House Ways and Means Committee Subcommittee on Social Security Hearing on Preventing Disability Scams

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Chairman Johnson and members of the Social Security subcommittee, I am Dennis Jay, executive director for the Coalition Against Insurance Fraud. I am submitting the following statement in response to the subcommittee's hearing on disability fraud.

The Coalition is a broad-based national alliance of insurers, consumer groups and government organizations dedicated to combating all forms of insurance fraud through public education, research and advocacy. We are recognized as one of the leading anti-fraud organizations in the nation. The Coalition works closely with legislators, insurance regulators and federal and state agencies, including the Department of Health and Human Services and Department of Justice. We seek to strengthen efforts to target fraud against America's insurance systems, whether they are private or public programs.

This hearing opens the door for the Ways and Means Committee to seriously look at how to identify and combat disability fraud schemes. The Coalition appreciates the opportunity to comment and help the subcommittee focus on key issues that will enhance anti-fraud efforts. We suggest the federal government consider:

- **Adopting some of the techniques and strategies employed by private insurers.** The private sector increasingly has become more adept in countering anti-fraud schemes, whether they involve claimants, medical providers or others. Some of the disability insurers we work with have volunteered their time to share techniques and strategies with their government counterparts. Private insurers have created specific structures to look at internal claims to help identify fraud schemes before suspect claims are paid. Such anti-fraud infrastructures may have methods that are transferrable to government programs, and should be explored.
- **Using new technologies to identify suspected claims.** An increasing number of payers — including private insurers, Medicare and state health programs — are employing emerging technologies such as predictive analytics, pattern recognition and social media scanning to help identify fraudulent activity at the outset of the claims process. This helps stop schemes before the insurance money is paid out and often gone for good.

• **Sharing anti-fraud intelligence.** The federal government should consider creating a mechanism to work closely with private insurers to share intelligence and data on suspect claims. The Health Fraud Prevention Partnership (HFPP) is a prime model of such a public-private partnership. The Coalition worked with HHS and others to create the HFPP to work collaboratively to combat health insurance fraud. The public and private sectors recognize that providers who defraud Medicare and Medicaid also likely target private health insurers. The HFPP was created in 2012, and already has shown a marked success in sharing intelligence and strategies that are helping to hone anti-fraud programs. A similar public-private partnership on disability fraud could help prevent and reduce fraud within Social Security and other federal disability programs.

• **Sponsoring aggressive public outreach and awareness.** Educating consumers about the extent and severity of fraud along with creating awareness of the penalties for committing disability fraud will help deter the crime and encourage people to report fraud. Existing outreach programs by the public and private sectors have raised consumer knowledge about fraud, and are lowering the public's tolerance for this crime. Both of these successes have aided prevention and detection efforts. The same could be done on a national level for disability fraud. In addition, the Social Security Administration may wish to study the Senior Medicare Patrol program as a model for educating consumers and increasing reporting of disability fraud.

• **Creating robust reward programs.** Several states have established reward programs that encourage consumers to join in the anti-fraud effort. These programs have proven successful in identifying and targeting fraud schemes. One key to the reward programs is that they tend to be robust in their implementation. The mere existence and promotion of such programs create deterrence to committing fraud. A reward program targeting disability schemes will encourage consumers to become more engaged in anti-fraud efforts.

• **Strengthening penalties against providers.** Stronger penalties against medical providers are essential to combatting disability fraud. The recent Long Island Rail Road disability fraud cases were facilitated by medical providers who were either party to or masterminds of the schemes. Corrupt providers seem to believe that the chances of getting caught are slim, and that even if their schemes are detected, prosecutions are rare and penalties are minor.

The Coalition strongly supports efforts to target dishonest healthcare providers who use their medical licenses to commit fraud. Holding a medical license is a privilege bestowed by the state. If a provider abuses that privilege, then the license should be revoked. In addition to strengthening criminal and civil fraud penalties, we suggest that the Office of Inspector General establish stronger ties with state medical boards to ensure that licensees who defraud Social Security are disciplined.

• **Reviewing federal statutes.** A thorough review of all applicable statutes should be conducted to uncover potential obstacles to investigating disability applications and claims. Our experience in conducting such reviews at the state level has helped facilitate law enforcement's efforts to combat fraud.

In summary, fully functioning public and private disability programs provide an essential service to Americans. These programs provide needed assistance to those who suffer chronic illness and injury, and give peace of mind to all by helping protect their financial security. Policymakers and program sponsors should do all they can to ensure the financial viability of these programs, keep costs in check and promote fairness.

We commend the subcommittee for taking up this issue, and offer to assist the federal government every way we can.