

# Brief Notes

News for  
Brokers and Consultants

July 6, 2016

**Applies to:** All Markets

## Horizon BCBSNJ's Anti-Fraud Efforts Generated \$43.2 in Savings in 2015

Horizon Blue Cross Blue Shield of New Jersey recognizes the cost health care fraud can have on members and employers, as well as on our organization itself. Brokers can be impacted, too, when their clients' bottom lines are negatively affected through fraudulent activities and the unanticipated expenses they can bring about. That's why Horizon BCBSNJ continues to invest in state-of-the-art detection technology and dedicates an elite team of investigators to catch fraudulent activity and protect the integrity of New Jersey's health care delivery system.

In 2015, this professional team – Horizon BCBSNJ's Special Investigations Unit (SIU) – generated \$43.2 million in savings, as identified through a combination of monies recovered and losses avoided. Those successful investigations involved 988 new fraud cases being opened by the SIU in 2015 alone.

“It takes the right intelligence tools, a no-tolerance approach and highly skilled investigators to accomplish the SIU's primary objective, which is to detect and stop fraud activity as early as possible,” said Douglas Falduto, Vice President of Administration and Chief Security Officer for Horizon BCBSNJ. “Through enhanced analytics tools and smart detective work that isolates suspicious patterns and anomalies in claims, the SIU brings an intense focus to fraud prevention.”

Increasingly important to the SIU is collaborating with peers in other states and jurisdictions, as well as law enforcement agencies, to share information on trending schemes.

“Health care fraud remains a major problem for not only Horizon but for health insurers nationwide, so we are especially vigilant to protect our members from fraud activity that may migrate to New Jersey from other states,” Falduto said.

The “Phantom Doctor's Office” is among the most serious of trends impacting health plans in other states, such as Texas, California and Florida, and has recently surfaced in New Jersey. These are shell doctor offices in which fraudulent providers submit bogus claims for reimbursement, then dissolve and vanish.

“A phantom office can submit claims by using stolen member identification numbers, so it is vitally important for Horizon members to protect their insurance identification number much like they would protect their Social Security Number,” Falduto said.

*(Continues)*



Another increasingly common form of fraud is when a doctor creates “The Impossible Day,” or a business cycle in which Horizon BCBSNJ is billed by a doctor who claims to treat dozens or even hundreds of patients in a single day.

Fraud and abuse can involve both health care providers and health care consumers. Common examples include:

**Providers:**

- Billing for a fraudulent diagnosis
- Billing for services not rendered
- Billing for services not furnished as billed, also known as “upcoding”
- Inappropriate doctor/ancillary provider relationships resulting in kickbacks

**Consumers:**

- Filing a false claim
- Using a false ID number
- Misrepresenting a dependent as eligible for policy coverage

Consumers can take several steps to avoid being victimized by fraud, including:

- Reviewing their EOB (Explanation of Benefits) after a visit to the doctor or health care facility to make sure the services being billed were services actually rendered;
- Keeping their member ID cards in a safe place, and destroying old ID cards;
- Contacting the Horizon BCBSNJ Anti-Fraud Hotline – **1-800-624- 2048** – if they become aware of suspicious activity by other members or providers.

Horizon BCBSNJ uses tips and the other intelligence it gathers to conduct its own investigations and/or refer cases to law enforcement authorities for criminal prosecution. In 2015, Horizon BCBSNJ referred 187 cases to the New Jersey Insurance Fraud Prosecutor, the New Jersey Attorney General’s Office, the Federal Bureau of Investigation and other agencies.

Since 2005, Horizon BCBSNJ’s anti-fraud efforts have saved members \$290 million.

If you have questions, please contact your Horizon BCBSNJ sales executive or account manager.