



**BlueCross BlueShield
Association**

An Association of Independent
Blue Cross and Blue Shield Plans



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Leading the future
of healthcare

2010

Anti-Fraud Awards

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2010 WINNING ENTRIES

Dear Colleagues:

Congratulations to the recipients of the 2010 BlueWorks Anti-Fraud Awards. We are honored to recognize your good work.

The BlueWorks Anti-Fraud program recognizes Blue Plan Special Investigations Unit (SIU) activities from 2009 that resulted in significant or outstanding performance relating to the prevention, detection, investigation and resolutions of matters relating to healthcare fraud and abuse. Now more than ever, identifying and eliminating fraud is of critical importance in the healthcare industry. The combination of more complex medical technologies combined with the need to protect consumers' healthcare dollars and lower administrative costs has required Blue Plans to bring a renewed sense of dedication, purpose and creativity to attacking healthcare fraud.

With the passage of the healthcare reform legislation, more national attention is being given to preventing and investigating healthcare fraud. The Medicare program, along with other government and non-government healthcare groups, have sought closer affiliations with Blue Plans in recognition of our continued excellent results through innovative programs and excellent investigative practices.

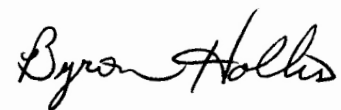
This year's program winners represent two categories:

[Criminal Investigations](#), which recognizes SIU accomplishments that resulted in a significant criminal conviction(s) and [Anti-Fraud Programs](#), which recognizes initiatives or accomplishments that occurred in 2009 that may or may not be directly related to the investigative process, but which could be considered "drivers" of the success of a Blue Plan's anti-fraud efforts.

To maintain the independence and integrity of the selection process, the BlueWorks program engaged a five-member panel including two members of the Harvard Medical School Department of Health Care Policy and three industry-based judges with extensive experience in healthcare investigations and general law enforcement techniques and procedures. The judges independently reviewed the applications, and in a closed session, discussed their findings and chose the programs and investigations that best matched the selection criteria. The results are summarized in this brochure which highlights the winners of the 2010 BlueWorks Anti-Fraud Awards.

Thank you to everyone that submitted an entry for this awards program. The quality of all the entries demonstrates the high level of Blue Plan leadership in this industry. I look forward to your participation in next year's awards program.

Wishing you good health and happiness,



Byron Hollis, Esq, CFE, AHFI
Managing Director, National Anti-Fraud Department

Blue Cross Blue Shield of Georgia

Winning program: Medicare Advantage Private Fee for Service Fraud Scheme

Team: Jeffrey Sterling, Senior Investigator, WellPoint, Inc.
Honorable Ryan Stubenhauser, Assistant US Attorney, Southern District of Florida
Alanna Lavelle, Director, Investigations, WellPoint, Inc.

The Blue Works Anti-Fraud Awards Program is pleased to recognize Blue Cross Blue Shield of Georgia (BCBSGA) as an award recipient in this year's Anti-Fraud Criminal Investigation category for its investigation of fraudulent infusion therapy billed to its Medicare Private Fee for Service plan.

In 2008, BCBSGA identified a high frequency of expensive infusion therapy treatments that did not appear to match patient diagnoses. BCBSGA's Special Investigations Unit (SIU) fielded hotline calls from members who noticed claims on their Explanations of Benefits from unknown providers and for services they had never received. The SIU confirmed this pattern through data mining, and developed a profile of the providers who were submitting such claims.

Often, fraudulent providers billed for only a brief period before disappearing, and then reappeared with new provider numbers. The profile helped BCBSGA identify fraudulent billers prior to claims payment and allowed them to implement a systematic program designed to detect similar fraud within its entire network. In addition, this effort has important implications for detecting fraud among Private Fee for Service plans, where the health plan accepts all providers, rather than a selected network. Information from this investigation was used across the Wellpoint network — leading to substantial recoveries and saving an estimated \$32 million in false claims. The investigation also led to the conviction of eight defendants in the Southern District of Florida.

The judges noted that BCBSGA took rapid action after identifying this fraud, and applauded BCBSGA's proactive and systematic plan to prevent subsequent fraud and share this knowledge with other health plans. One judge said "Efforts like this can help reduce health care fraud, and make health care more affordable."

Blue Cross and Blue Shield of Illinois

Winning program: American Institute of Allergy Investigation: A Case Study of Dangerous Medical Practices

Team: Monruedee Petsod, Sr. Investigator, BCBSIL
Honorable Jacqueline Stern, Assistant US Attorney, Northern District of Illinois
Lynn O'Dea, ASAC, DOL/OIG,
David Hodapp, Postal Inspector, USPIP
William Conway, Investigator, FDA

The BlueWorks Anti-Fraud Awards Program is pleased to announce that Blue Cross Blue Shield of Illinois (BCBSIL) is an award recipient for their groundbreaking criminal investigation which identified and stopped inappropriate billing and unsafe medical practices by an organization with operations in multiple states.

The City of Chicago Fire Department reported to BCBSIL's Special Investigations Department (SID) that the American Institute of Allergy (AIA) may have committed healthcare fraud by telling firefighters that they were receiving "free" allergy tests, but submitted bills for these tests as well as other tests that never were performed. These tests led to unnecessary, and in some instances, inappropriate allergy therapy. Further, allergy immunotherapy was being prepared in unhygienic conditions and patients were not warned of the risks involved.

BCBSIL quickly notified the Department of Labor, and the Office of Inspector General and began a widespread investigation that included the Food and Drug Administration, Office of Criminal Investigation and the US Postal Inspection Service. The investigators interviewed American Institute of Allergy patients and employees, obtained search warrants, searched the suspect corporation's trash, and deployed undercover operatives using false BCBSIL membership cards. The investigation identified additional lower level participants that eventually revealed important information that formed the basis of significant charges against those who organized the fraud scheme.

The extensive investigation led to the indictment of ten defendants. Nine pleaded guilty in federal court and were sentenced in 2009, and one was found guilty of seven felony counts after a court trial. The defendants were ordered to pay over \$2.5 million in restitution; some received home confinement, probation, community service, and/or jail time up to six months.

The resulting prosecutions in this case represented a significant accomplishment by the Plan's Special Investigations Department. The BlueWorks judges recognize BCBSIL for its important work in stopping this fraudulent practice, which increased health care costs and endangered patients.

Blue Cross Blue Shield of Michigan

Winning program: Creating a Culture of Best Practices and Transparency

Team: Corporate and Financial Investigations Department

The Blue Works Anti-Fraud Awards Program is pleased to recognize Blue Cross Blue Shield of Michigan's (BCBSM) Corporate and Financial Investigations Department (CFI) as an award recipient in this year's Anti-Fraud Program category.

BCBSM has a long history of proactive efforts to identify and interdict fraud and abuse including extensive internal and external communication about fraud detection. In 2009, the Plan resolved 2,700 cases, leading to 94 convictions, recoveries of over \$8 million and cost avoidance of over \$6 million. BCBSM features the phrase "Fraud is Everyone's Responsibility" in its communications to both employees and consumers.

Recognizing the need for an advanced investigator training program for all Blue Cross Blue Shield plans, BCBSM developed and implemented a 3-½ day advanced investigator training program which was available to all Blues plans. The inaugural training, conducted during the fall of 2009, included 21 investigators from 13 different Blues plans. The training included didactic learning as well as simulations and videos. The training, which demonstrated to investigators how to increase their effectiveness at detecting and preventing fraud, was rated highly by participants.

The 2010 BlueWorks Anti-Fraud judges' panel cited BCBSM for a strong program design with a potential widespread impact on investigators, corporations, and consumers. One judge remarked: "Blue Cross Blue Shield of Michigan instituted an impressive training program, and shared this with other Blues plans, leading to more effective fraud programs across the country."

Blue Cross and Blue Shield of Alabama

Winning program: Provider Notification for Lost or Stolen ID Cards

Team: Nancy Beasley, Department Manager Network Integrity
Melissa Francis, Manager Network Integrity
Cindy Patton, Manager Systems
Theresa Baumann, Sr. Health Care Networks Representative, EDI

The Blue Works Anti-Fraud Awards Program is pleased to recognize Blue Cross Blue Shield of Alabama (BCBSA) as an award recipient in the Anti-Fraud Program category for a simple but elegant program to identify and prevent health care identity theft.

BCBSA recognized that theft of healthcare identification can lead to inappropriate charges, and can even lead to medical errors. BCBSA now queries members requesting new cards to determine if the old card was lost or stolen; in 2009, BCBSA replaced 23,518 lost or stolen identification cards. For cards identified as lost or stolen, BCBSA flags its provider-facing authorization system so that physicians and hospitals requesting authorization see the message: "A Blue Cross and Blue Shield ID Card was reported stolen or lost for this contract. Please verify patient identity."

The judges noted that this simple intervention can help providers prevent healthcare identity theft. In some instances, this flag might even dissuade fraudulent providers from submitting bills for services not rendered.

"This simple intervention would be easy to implement in other health plans and could facilitate better tracing of fraudulent claims due to healthcare identity fraud. In addition, this relatively low cost program could result in substantial savings."



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