

## Healthcare Fraud and Abuse Program Nets \$4.2 Million in FY 2012

On February 11, 2013, the 2012 fiscal year (FY) end report was released for The Health Care Fraud and Abuse Control Program (HCFAC). Jointly established by the U.S. Department of Health and Human Services (HHS) and the Department of Justice (DOJ) under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the goal of HCFAC is to coordinate the prevention and prosecution of healthcare fraud and abuse. The report states that a record \$4.2 billion in taxpayer dollars were recovered in FY 2012 and returned to the Centers for Medicare and Medicaid Services (CMS), the U.S. Treasury, and other healthcare administration programs, among others.<sup>1</sup>

HCFAC's accomplishments in 2012 include 1,131 new criminal and 885 new civil healthcare fraud investigations, and convicting 826 defendants of healthcare related crimes. Additionally, over 83 criminal enterprises found to have engaged in healthcare fraud were successfully dismantled by the Federal Bureau of Investigations, and 3,131 entities were excluded from participating in the Medicare and Medicaid program as a result of certain violations.<sup>2</sup> Over \$3 billion of the \$4.2 billion recovered in 2012 was negotiated from civil settlements and judgments related to False Claims Act (FCA) violations.<sup>3</sup>

In FY 2012, over \$600 million in federal funds were allotted to support the HCFAC Program.<sup>4</sup> Despite the significant expenditure, the Return on Investment (ROI) of HCFAC for the past three years (2010-2012) is estimated at \$7.90 for every \$1.00 of the program's expenditure, which far outstrips the ROI since the program's inception (\$5.40 for every \$1.00 spent in 1996).<sup>5</sup>

The recent success of the program can largely be attributed to the Health Care Fraud Prevention and

Enforcement Action Team (HEAT), established in May 2009 in a joint effort by HHS and DOJ to crack down on Medicare and Medicaid waste, fraud, and abuse; reduce healthcare costs; and, highlight best practices to improve quality of care.<sup>6</sup>

Tools utilizing HCFAC to assist in combating fraud include continuing training efforts; enhanced screenings and enrollment requirements; increased transparency and data sharing; and, increased oversight and recovery efforts. As a result of the increased attention and resources provided to support HEAT and similar initiatives, \$14.9 billion has been recovered from 2008 to 2012, over half of the \$23 billion recovered since the inception of HCFAC in 1996.<sup>7</sup> Given the federal governments increased focus on combating fraud and abuse, and eliminating waste in the healthcare delivery system, it is likely that HCFAC will continue the trend of increasing recoveries and activities in 2013.

- 1 "Health Care Fraud and Abuse Program Annual Report for Fiscal Year 2012", by The Department of Health and Human Services and The Department of Justice, February 2013, p. 1
- 2 *Ibid*, p. 1-2
- 3 "Departments of Justice and Health and Human Services Announce Record-Breaking Recoveries Resulting from Joint Efforts to Combat Health Care Fraud", by U.S. Department of Justice, February 11, 2013, <http://www.justice.gov/opa/pr/2013/February/13-ag-180.html> (Accessed April 7, 2013)
- 4 *Ibid*, HHS and DOJ, February 2013, p. 4
- 5 *Ibid*, HHS and DOJ, February 2013, p. 8
- 6 "HEAT Task Force", by the U.S. Department of Health and Human Services and U.S. Department of Justice, <http://www.stopmedicarefraud.gov/aboutfraud/heattaskforce/> (Accessed April 8, 2013)
- 7 *Ibid*, DOJ, February 11, 2013



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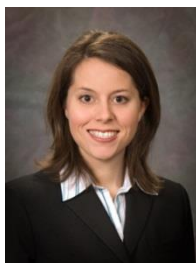
Mr. Cimasi holds a Masters in Health Administration from the University of Maryland, as well as several professional designations: Accredited Senior Appraiser (ASA – American Society of Appraisers); Fellow Royal Intuition of Chartered Surveyors (FRICS – Royal Institute of Chartered Surveyors); Master Certified Business Appraiser (MCBA – Institute of Business Appraisers); Accredited Valuation Analyst (AVA – National Association of Certified Valuators and Analysts); and, Certified Merger & Acquisition Advisor (CM&AA – Alliance of Merger & Acquisition Advisors). He has served as an expert witness on cases in numerous courts, and has provided testimony before federal and state legislative committees. He is a nationally known speaker on healthcare industry topics, the author of several books, the latest of which include: *“Accountable Care Organizations: Value Metrics and Capital Formation”* [2013 - Taylor & Francis, a division of CRC Press], *“The Adviser’s Guide to Healthcare”* – Vols. I, II & III [2010 – AICPA], and *“The U.S. Healthcare Certificate of Need Sourcebook”* [2005 - Beard Books]. His most recent book, entitled *“Healthcare Valuation: The Financial Appraisal of Enterprises, Assets, and Services”* will be published by John Wiley & Sons in the Fall of 2013.

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