

A Case Study in Health Care Fraud

Norman Inkster

The Ministry of Health (“MOH”) is responsible for the administration of public health care in the province. In recent years, health care fraud and abuse have received a great deal of attention both within the MOH and in the media. Although there have been numerous attempts by the MOH to quantify the annual cost of fraud and abuse in the province, it is difficult to reasonably estimate the amount of losses because fraud is an activity that is hidden. Furthermore, it is often difficult to distinguish between fraud and abuse, and errors.

In 1997, KPMG Investigation and Security Inc. (“KPMG”) was appointed by the Minister of Health to investigate the process and procedures used by the MOH to detect, prevent and eradicate fraud and abuse in the health care system, and to make recommendations as a result of our investigation.

KPMG’s investigation was conducted largely on the basis of interviews. We spoke with 27 individuals, including current and former employees, managers, union representatives and civil servants from MOH. We also met with nine people from outside of the MOH.

During the investigation, numerous issues were identified including the following:

- Ineligible consumers were obtaining health card services with borrowed, stolen, counterfeit, or fraudulently obtained health cards; and
- There are inadequate financial, technological and human resources to prevent and detect fraud and abuse, and to attempt to recover misappropriated funds.

Based on our investigation, several recommendations were made to the MOH, including the following:

The MOH should conduct feasibility studies and cost/benefit analyses to evaluate suggested changes in the following areas:

- Upgrading the MOH's Information Technology, including computer hardware and software, and consider the use of smart technology (i.e., biometric cards) and point of services validation devices;
- Enabling access to multiple MOH databases;
- Increasing staffing in the MOH's Monitoring and Control Unit; and
- Improving the efficiency and effectiveness of the MOH's Investigation Unit by hiring an experienced fraud investigators as a Manager of the Investigation Unit on a temporary basis to evaluate and provide recommendations in the areas of reporting, staffing and policies and procedures.
- Legislative changes should be considered in order to give the MOH the ability to audit the financial and medical records of service providers.
- Established a well-publicized telephone hot line that is devoted to receiving information on fraud and abuse. Ideally, this hot line would operate by a member of the MOH's Investigation Unit.