



Corporate & Financial Investigations Department

Independence Blue Cross 2009

- **3.3 million members**
- **\$10.5 billion in Premiums**
- **\$93.9 million paid in nonpayroll taxes**
- **\$9.4 billion paid to Physicians, Hospitals and other health care providers for Members' care**
- **5,590 people employed**
- **25,840,222 members' claims processed (91% electronic) (45 day prompt pay)**

Independence Blue Cross 2009

- **51,914 employer groups served, 96.8% with less than 100 employees**
- **16,820 inquiries received each business day**
- **159 hospitals and 38,053 physicians in our network**

Plans

Individual

- Serves families and individuals under 65

Senior

Provides Medicare-eligible members with Medicare Advantage, a managed care alternative for Medicare and the Medicare supplement programs

Local group

- Locally owned businesses 2-20,000 employees

Plans

National

- Serves employer groups primarily headquartered in the five-county southeast Pennsylvania region with employees working in other states

Government-Sponsored

- AdultBasic, Children's Health Insurance Program (CHIP)

Federal Employee Program

Prescription Drug

Products

Traditional

- Use any professional and hospital

Preferred Provider Organization (PPO)

- Network of professional providers and hospitals

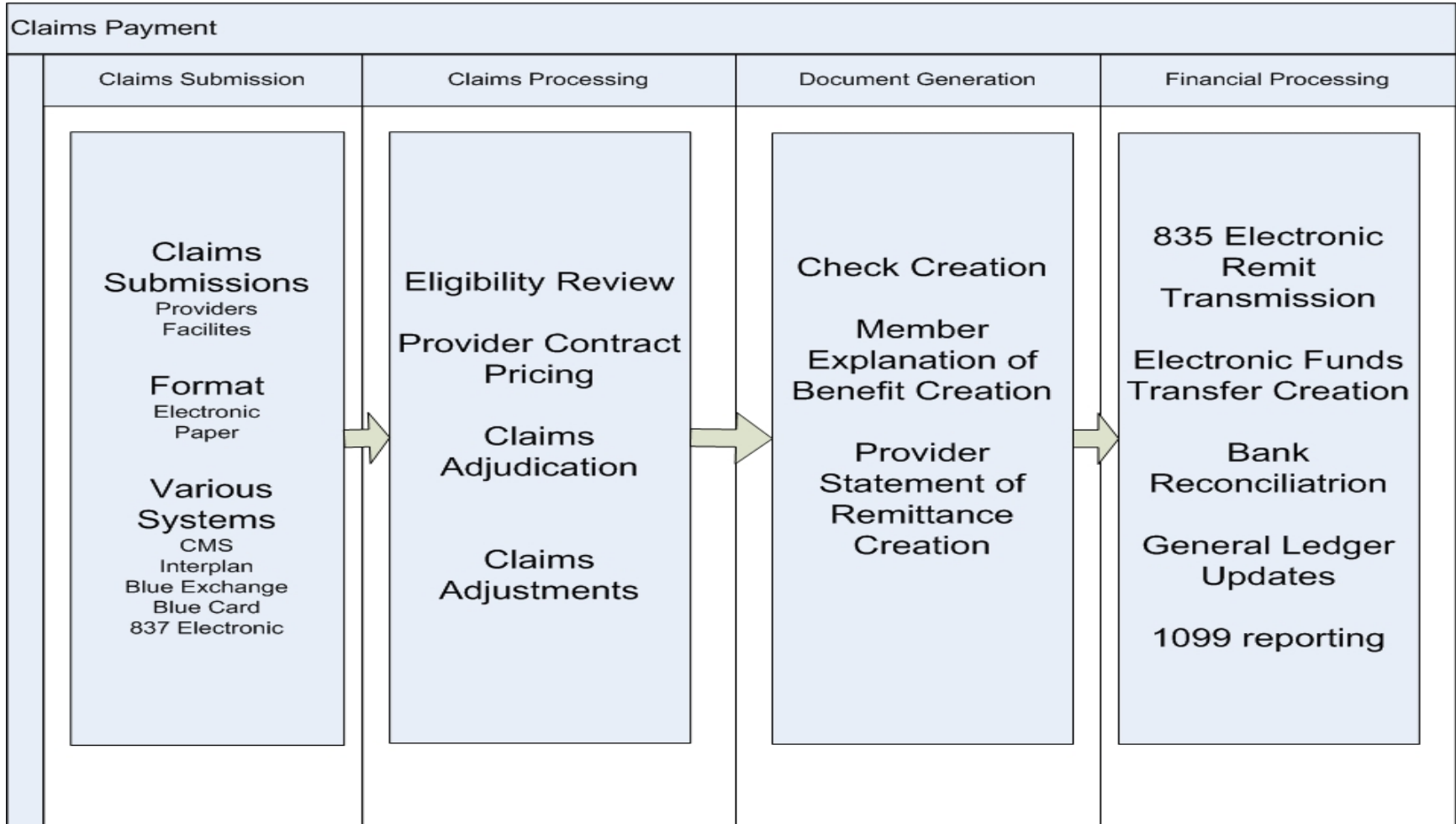
Health Maintenance Organization (HMO)

- Primary care physician (PCP) who acts as a gatekeeper

Types of Claims

- Professional Providers (CMS 1500)**
- Facility/Hospital (UB 04)**
- Pharmacy**

Claims Payment Process



OUTPATIENT

1 Any Hospital 123 Any Street Philadelphia PA 19103		2 Any Hospital 456 Any Street Philadelphia PA 19103		3 SUPP. ID 1234	4 PLAN NO 98765	5 PLAN OF BILL 0131
6 PATIENT NAME Doe, John				7 PATIENT ADDRESS 1234 Main Street	8 STATEMENT COVERED PERIOD 11 03 06 11 04 06	9 RESERVED
10 BIRTH DATE 03 20 1971		11 SEX M	12 DATE OF ADMISSION 11 03 06	13 ICD-9 CM TYPE 08	14 ICD-9 CM 3	15 ICD-9 CM 12
16 OCCURRENCE DATE 03 20 1971		17 STATE PA	18 CONDITION CODES 01 Condition Codes Required		19 IDENTIFYING EVENTS PA RESERVED	20 FUTURE USE
21 Occurrence and Occurrence Span Codes may be used to define a significant event that may affect payer processing						
22 JOHN DOE 1234 Main Street Philadelphia, PA 19111				23 VALUE CODES A1 952:00	24 VALUE CODES A1 952:00	
25 ICD-9 CM 0310	26 DESCRIPTION Laboratory	27 ICD-9 CM 0402	28 ICD-9 CM 0360	29 ICD-9 CM 88173	30 ICD-9 CM 76942	31 ICD-9 CM 3749
				32 ICD-9 CM 11 03 06	33 ICD-9 CM 11 04 06	34 ICD-9 CM 11 04 06
				35 ICD-9 CM 1	36 ICD-9 CM 1	37 ICD-9 CM 1
				38 ICD-9 CM 100:00	39 ICD-9 CM 100:00	40 ICD-9 CM 100:00
				41 ICD-9 CM 0:00	42 ICD-9 CM 0:00	43 ICD-9 CM 0:00
44 PAGE 1 OF 1				45 CREATION DATE	46 TOTALS	47 300:00
48 PAYER NAME Independence Blue Cross		49 HEALTH PLAN ID	50 PLAN NO 222222222	51 PLAN OF BILL 1234567890	52 PLAN OF BILL Secondary	53 PLAN OF BILL Tertiary
54 PATIENT NAME Doe, John		55 INDUSTRY UNIQ. ID ABC1234567800	56 GROUP NAME Watch Repair, Inc.	57 INSURANCE GROUP NO. 1234	58 REPORTING NO. 222222222	
59 TREATMENT AUTHORIZATION CODES 02468		60 DOCUMENT CONTROL NUMBER 491234	61 EMPLOYER NAME Watch Repair, Inc.			
62 ICD-9 CM 3910 Use A through Q to report "Other Diagnosis" if applicable						
63 ICD-9 CM 4290	64 ICD-9 CM 3749	65 ICD-9 CM 11 04 06	66 ICD-9 CM 3749	67 ICD-9 CM 11 04 06	68 ICD-9 CM 3749	69 ICD-9 CM 11 04 06
70 REMARKS May be used to report additional information.						



Red = Required
Black = Situational/Required if Applicable/Reserved



HEALTH INSURANCE CLAIM FORM

APPROVED BY NATIONAL UNIFORM CLAIM COMMITTEE 08/05

PICA

PICA

1. MEDICARE MEDICAID TRICARE CHAMPVA GROUP HEALTH PLAN FECA BK/LK/LNG OTHER (Medicare #) (Medicaid #) (Sponsor's SSN) (Member ID) (SSN or ID) (SSN) (ID)		1a. INSURED'S I.D. NUMBER (For Program In Item 1)	
2. PATIENT'S NAME (Last Name, First Name, Middle Initial)		4. INSURED'S NAME (Last Name, First Name, Middle Initial)	
5. PATIENT'S ADDRESS (No., Street)		7. INSURED'S ADDRESS (No., Street)	
CITY STATE		CITY STATE	
ZIP CODE TELEPHONE (Include Area Code)		ZIP CODE TELEPHONE (Include Area Code)	
9. OTHER INSURED'S NAME (Last Name, First Name, Middle Initial)		11. INSURED'S POLICY GROUP OR FECA NUMBER	
a. OTHER INSURED'S POLICY OR GROUP NUMBER		a. INSURED'S DATE OF BIRTH SEX	
b. OTHER INSURED'S DATE OF BIRTH SEX		b. EMPLOYER'S NAME OR SCHOOL NAME	
c. EMPLOYER'S NAME OR SCHOOL NAME		c. INSURANCE PLAN NAME OR PROGRAM NAME	
d. INSURANCE PLAN NAME OR PROGRAM NAME		10d. RESERVED FOR LOCAL USE	
12. PATIENT'S OR AUTHORIZED PERSON'S SIGNATURE I authorize the release of any medical or other information necessary to process this claim. I also request payment of government benefits either to myself or to the party who accepts assignment below.		13. INSURED'S OR AUTHORIZED PERSON'S SIGNATURE I authorize payment of medical benefits to the undersigned physician or supplier for services described below.	
SIGNED DATE		SIGNED	
14. DATE OF CURRENT ILLNESS (First symptom) OR INJURY (Accident) OR PREGNANCY (LMP)		15. IF PATIENT HAS HAD SAME OR SIMILAR ILLNESS, GIVE FIRST DATE	
17. NAME OF REFERRING PROVIDER OR OTHER SOURCE		16. DATES PATIENT UNABLE TO WORK IN CURRENT OCCUPATION	
17a. NPI		18. HOSPITALIZATION DATES RELATED TO CURRENT SERVICES	
17b. NPI		20. OUTSIDE LAB? \$ CHARGES	
19. RESERVED FOR LOCAL USE		22. MEDICAID RESUBMISSION ORIGINAL REF. NO.	
21. DIAGNOSIS OR NATURE OF ILLNESS OR INJURY (Relate items 1, 2, 3 or 4 to item 24E by line)		23. PRIOR AUTHORIZATION NUMBER	
1. _____ 3. _____		F. \$ CHARGES G. DAYS OR UNITS H. ESSENTIAL I. ID. QUAL. J. RENDERING PROVIDER ID. #	
2. _____ 4. _____			
24. A. DATE(S) OF SERVICE From To B. PLACE OF SERVICE C. EMG D. PROCEDURES, SERVICES, OR SUPPLIES (Explain Unusual Circumstances) E. DIAGNOSIS POINTER			
1			
2			
3			
4			
5			
6			
25. FEDERAL TAX I.D. NUMBER SSN EIN		26. PATIENT'S ACCOUNT NO.	
27. ACCEPT ASSIGNMENT? (For gov. programs, see back)		28. TOTAL CHARGE \$	
29. AMOUNT PAID \$		30. BALANCE DUE \$	
31. SIGNATURE OF PHYSICIAN OR SUPPLIER INCLUDING DEGREES OR CREDENTIALS (I certify that the statements on the reverse apply to this bill and are made a part thereof.)		32. SERVICE FACILITY LOCATION INFORMATION	
33. BILLING PROVIDER INFO & PH #			
SIGNED DATE		a. NPI b.	

NUCC Instruction Manual available at: www.nucc.org

APPROVED OMB-0938-0999 FORM CMS-1500 (08/05)

CARRIER

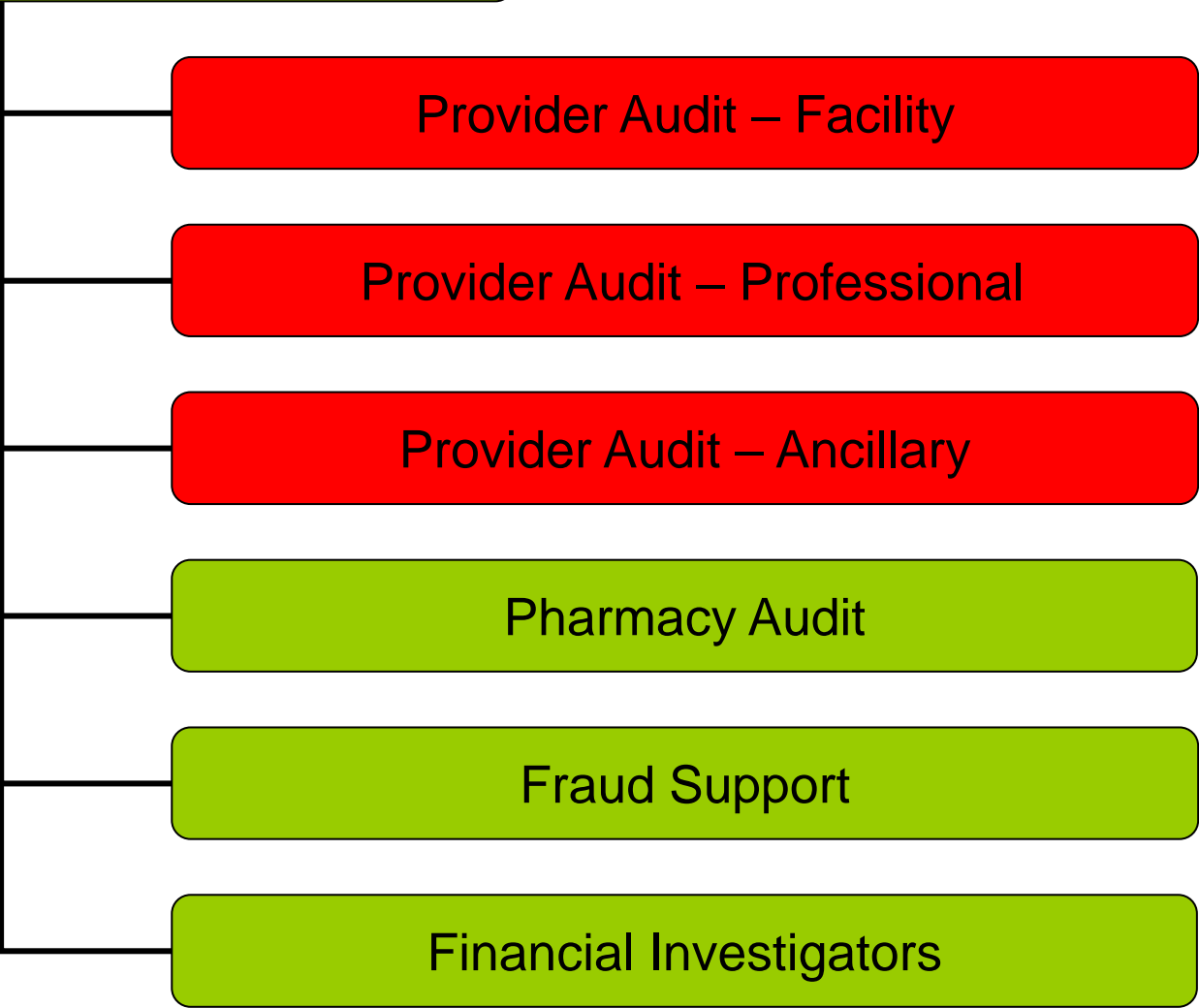
PATIENT AND INSURED INFORMATION

PHYSICIAN OR SUPPLIER INFORMATION

MISSION

The Corporate and Financial Investigations Department (CFID) is responsible for the prevention, detection and investigation of all potential areas of fraud, waste and abuse against the IBC family of companies, and to secure financial recoveries.

CFID



CFID Staff

**Former Federal, State and
Local Law Enforcement
Agents**

Lawyers

Healthcare Professionals

Pharmacy Technicians

Registered Nurses

**Certified Coding
Specialists**

What to Expect from Us

- Continuing Co-operation
- Investigative report
 - Surveillance
 - Undercover investigation
 - Data (excel spreadsheets)
 - Claims

Department Objectives

- **Early proactive detection of fraud/abuse**
- **Denial or suspension of inappropriate claims processing/payment**
- **Recovery of payments**
- **Exclusion of professionals from networks**
- **Change provider behavior**

Department Objectives

- **Civil litigation**
- **Criminal prosecution**
- **Refer licenses to appropriate state boards**
- **Publicize entities convicted of fraud**

Data Mining

- **STARS** (Services: Tracking, Analysis & Reporting System)
 - Data mining tool
 - Identifies what
- **STARS Sentinel**
 - Early detection tool
 - Identifies who

Initiatives

- **Create Sentinel Effect in Provider Community**
- **Proactive Use of Data Mining Tools for Analysis**
- **Case Management Information Tracking System**
- **1-866-282-2707 Fraud Hot Line - anonymous**
- **Communication Strategy**

Associate Independence Ink

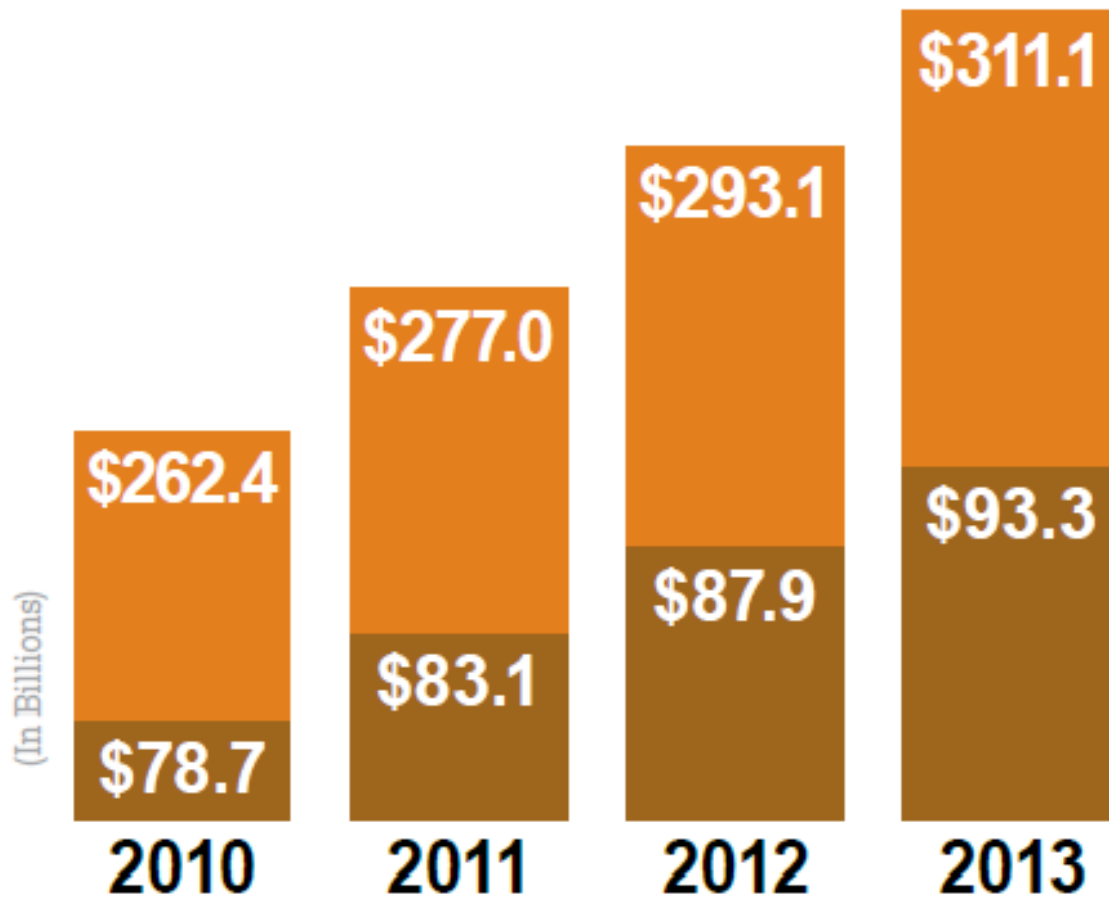
IBX.com

Member Magazine Update

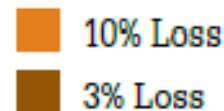
Provider Newsletter

Fraud Stats

3%–10% of the nation's annual health care outlay is lost to fraud. By 2013, costs could eclipse \$300 billion.



US health care fraud projections for 2010–2013 / 3–10% loss



CFID Financial Results

Fraud, Waste & Abuse (FWA)

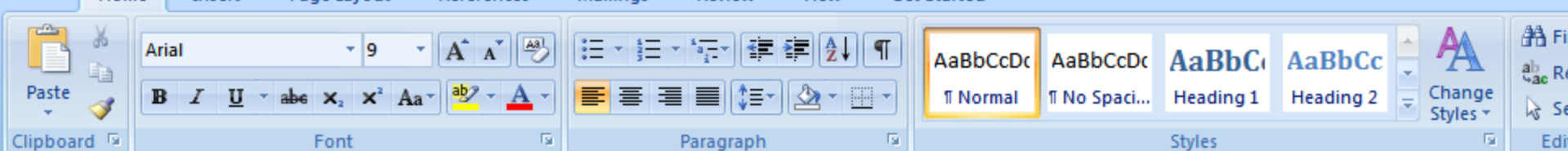
- **2004 – 2009 \$ 260.0 Million**
 - **Recovered Savings**
 - **Claims Denied**
 - **Claim Recoveries**
 - **Claim Offsets**
 - **Voluntary Restitution**
 - **Pharmacy Audits**
 - **Court Ordered Restitution**

Professional Provider FWA

- **Billing for services/supplies not provided**
- **Alterations appear on claim and/or patient record; e.g., dates of service inserted, charges altered**
- **Physician/Supplier manipulates billing codes –**
- **Misreporting codes**
 - **Changing procedure codes when first code submitted denied**
 - **Billing non-covered services as covered services**
 - **Unbundling**
 - **Billing a code that pays higher than the service rendered**

Professional Provider FWA

- **Practicing without a license or outside the scope of their license**
- **Name and/or address of the subscriber is the same as the provider**



The image shows the Microsoft Word ribbon with three tabs: Font, Paragraph, and Styles. The Font tab is active, showing options for font face (Arial), size (9), bold, italic, underline, and text color. The Paragraph tab shows options for bullet points, numbering, and indentation. The Styles tab shows the 'Normal' style selected, along with 'No Spacing', 'Heading 1', and 'Heading 2'.

Public Spirit Willow Grove Guide > News

Horsham chiropractor charged with fraud

Wednesday, June 16, 2010

By Jesse Reilly
Staff Writer

Joseph Lerner, 50, a chiropractor and the owner of Horsham Fitness, 217 Witmer Road, Horsham, was charged June 9 in connection with a \$3 million scheme to defraud a number of insurance companies, U.S. Attorney Zane David Memeger said in a press release.

It is alleged that between 2007 and March 2010 the Chalfont resident fraudulently billed Independence Blue Cross, Aetna Health Management, Highmark Blue Shield and five other insurance companies for chiropractic treatments that he did not provide or supervise, the release said.

"According to the information, Lerner hired masseuses and personal trainers to work at Horsham Fitness, to provide massages and personal training to gym members whose health insurance Lerner would bill fraudulently for chiropractic services that he never provided," it continued. "The charges allege that Lerner suggested to persons seeking to join the gym that they could obtain massages and personal training for the very low price of only a co-payment, usually \$10, by having their health insurance pay for those sessions."

The release further alleges that Lerner prepared fraudulent bills for the Horsham Fitness members including fictitious procedure codes and false representation of patient symptoms and clinical findings, and submitted them to the victims' insurance companies.

"In total it is alleged that the defendant caused the submission of fraudulent medical bills to the eight victim insurance companies totaling approximately \$3 million, resulting in payments from the victim insurers totaling approximately \$1.9 million.

If convicted, Lerner faces a maximum sentence of 30 years in jail, a \$500,000 fine, forfeiture of \$432,834 and mandatory restitution payments to the insurance companies.

Moorestown resident pleads guilty to defrauding patients and insurers

By: **DAVID LEVINSKY** (Wed, Jul/04/2007)

MOUNT HOLLY — A Moorestown man pleaded guilty Monday to posing as a licensed psychologist for more than three years, and to billing patients and their insurance companies for his services, authorities said.

John A. Palumbo, 56, of Pleasant Valley Avenue waived indictment and entered a guilty plea to health-care claims fraud before Superior Court Judge Thomas S. Smith Jr., said Jack Smith, spokesman for the Burlington County Prosecutor's Office.

Palumbo admitted that between February 2002 and August 2005 he falsely represented himself as a licensed psychologist to patients and provided patients with receipts for his services, Smith said.

The patients then submitted the bills to their insurance companies for reimbursement, he said.

Palumbo is not a licensed psychologist and lists his occupation as a music composer, Smith said.

The fraud was uncovered by the Burlington County Prosecutor's Office Insurance Fraud Unit.

As part of the plea agreement with prosecutors, Palumbo agreed to make full restitution for losses totaling \$47,742 to five insurance companies, Smith said.

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Article's URL:

<http://www1.phillyburbs.com/pb-dyn/news/112-07042007-1373020.html>

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YEARS IN FRAUD

[Back to News](#)Source: [The Philadelphia Enquirer](#)

Date

03/08/2009

Added:

Phila. union gynecologist gets 3 years in fraud

By Sam Wood

Inquirer Staff Writer

A gynecologist who provided services to members of Philadelphia's largest municipal union was sentenced yesterday to three years in prison for defrauding Independence Blue Cross of more than \$780,000.

William King, 61, will not have to report to jail immediately, however. Shortly before he was indicted last year, King, who has hepatitis C, was accepted for an experimental treatment program at Duke University. Because the program does not begin until October, U.S. District Judge Robert F. Kelly delayed the start of King's term until Dec. 1.

King, of Baltimore, treated patients at a clinic at the Walnut Street headquarters of District Council 33 of the American Federation of State, County and Municipal Workers.

From 1999 to 2004, King charged Blue Cross for work he never performed. He billed for fictitious visits by "ghost patients," and he "upcoded" short, routine appointments, claiming they lasted an hour and involved more expensive treatments.


When auditors at Blue Cross became suspicious, King destroyed the medical records of 40 patients and reconstructed their files with fabricated gynecological histories. The FBI was asked to investigate, and in February 2008, King was indicted by the U.S. Attorney's Office.

King was found guilty on Oct. 14 on 13 counts of mail fraud, 59 counts of health-care fraud, and 10 counts of making false statements in a health-care matter.

At his sentencing yesterday before Kelly, family and friends called King a devoted father, a mentor, and a generous man who had struggled out of poverty to become a well-regarded medical professional.

Assistant U.S. Attorney Bea Witzleben painted a different picture, describing King as a man "motivated by nothing but greed" who had refused to accept responsibility for his crimes.

King's attorney, Robert W. Biddle, was successful in his appeal for leniency and a postponement of



report fraud here

CALL IFB
CHEATLINE
0800 328 2550

info@biaf.co.uk

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Member FWA

- **Allowing someone else to use your insurance card or your spouse's card**
- **Using an insurance card that has been canceled**
- **Ineligible dependents**
- **False prescriptions**
- **Identity theft**



Prescription Drug FWA

Who commits Prescription Drug Fraud?

- **Members & Medicare Part D Beneficiaries**
- **Prescribers**
- **Pharmacies**
- **Pharmacy Benefit Management Companies (PBMs)**

Prescription Drug FWA: Members

- **Pharmacy Shopping - Using Multiple Pharmacies**
- **Doctor Shopping – Using Different Prescribing Physicians**
- **Large Number of Prescriptions for Controlled Substances - i.e. Oxycontin, Vicodin, Percocet, Actiq, Xanax**

Prescription Drug FWA: Members

- **Prescription forging, diversion, or inappropriate use**
- **Identity theft**
- **Resale of drugs on black market**
- **Altered Pharmacy Receipts**

Burlington County, NJ Woman Sentenced for \$48,000 Prescription Drug Insurance Fraud

Fri, 08/31/2007 - 11:25 — newsdesk

August 30, 2007 -- TRENTON - New Jersey Attorney General Anne Milgram and Division of Criminal Justice Director Gregory A. Paw announced that a Burlington County woman was sentenced today for stealing more than \$48,000 by filing phony prescription drugs claims.

According to Insurance Fraud Prosecutor Greta Gooden Brown, Dawn M. Nehring, 34, of Maple Shade, was ordered by Superior Court Judge Patricia R. LeBon to serve five years of special drug court probation. Nehring was sentenced pursuant to her June 21 guilty plea to theft by deception, a charge contained in a July 13, 2006 Burlington County grand jury indictment.

In pleading guilty, Nehring admitted that between Jan. 17, 2001 and Oct. 16, 2003, she illegally used the prescription drug insurance benefits of her grandmother, mother and her brother to obtain prescription painkillers and anti-anxiety drugs. Nehring fraudulently used prescription drug insurance plans and labor union prescription drug plans from several companies, including Independence Blue Cross/Blue Shield, Aetna Insurance Company, and the Carpenters Pension and Annuity Fund of Philadelphia.

Nehring admitted that she fraudulent used the prescription drug benefit cards and related information to fill the prescriptions for narcotic drugs at numerous pharmacies. As a result of her fraudulent activity, \$61,052 in phony claims for prescription drugs were submitted on Nehring's behalf, of which \$48,023 was paid by the insurance carriers or other prescription drug plans.

State Investigator Shaun Egan, Civil Investigator Gene Fayer and Deputy Attorney General Stephen J. Cirillo were assigned to the investigation. Cirillo represented the Office of Insurance Fraud Prosecutor at the sentencing.

This case was referred to OIFP by the Special Investigative Units of Independence Blue Cross/Blue Shield, Aetna Insurance Company, and the Carpenters Pension and Annuity Fund, which initially uncovered the fraud and assisted OIFP in the investigation. Insurance Fraud Prosecutor Brown thanks the insurance companies for their involvement in this matter.

Source: New Jersey Attorney General

Bookmark/Search this post with:

Prescription Drug FWA: Prescribers

- **Drug switching**
- **Script mills**
- **Provision of false information**
- **Theft of prescriber's DEA number**
- **Illegal remuneration schemes**

Doctor gets 5 years for trading prescriptions for cash and sex

By Joseph A. Slobodzian

INQUIRER STAFF WRITER

His brother said it was "irreconcilable to me" that the Joseph L. Borkson he knows could be the physician about to be sentenced for illegally selling hundreds of narcotic prescriptions worth \$600,000 to addicts for cash or sex.

His lawyer described Borkson's "emotional abyss" as he struggled to maintain a Center City practice while providing 24-hour-a-day personal care to Marilyn, wife of 28 years, bedridden and dying of diabetes.

And the federal judge called him a "Jekyll-Hyde personality" in which the face of a compassionate doctor loved by patients concealed a dark side she said Borkson even now does not acknowledge.

Borkson's two sides were dissected - but not reconciled - today as the doctor and author of two travelogues was sentenced to five years in prison.

"As I stand here, I am much ashamed and with much anguish at what I did," Borkson, 66, told U.S. District Judge Cynthia M. Rufe. "There's no way to explain and there is little justification."

But the judge, in a stern 35-minute colloquy with the disgraced doctor, said she did not believe he was facing up to the psychological turmoil that she said still rendered him vulnerable to break the law.

The issue was why Borkson agreed to let drug users without money have the prescriptions they wanted if he could perform oral sex on them.

"You've hidden a lot of things for most of your life and that has become a problem with you," Rufe said.

"Yes, your honor," replied Borkson, who then tried to explain the sexual component of his crimes was caused by the "well of despair and loneliness" during his wife's final illness, his need for "camaraderie" and, finally, to lies of career criminals who testified against him.

Rufe interrupted Borkson and reminded him of what he admitted in his guilty plea last September.

Group FWA

- **Subscribers that are NOT Employees**
 - Some with high health needs shift from self-insured to managed care program
- **Part-time Employees**
- **Ineligible Dependents**
 - boyfriends/girlfriends
 - overage children - not full-time students

Facility FWA

- **Take-home drugs, patient does not receive**
- **Up coding DRGs (Diagnostic Related Groups approx. 500) to get higher reimbursement**
- **Billing for services not rendered - Lab series**
- **Misreporting services provided**
- **Credit balances with failure to refund**
- **Outpatient services rendered in connection with inpatient stays**

Referrals to CFID

- **Hotline**

- **866-282-2707 or 215-640-2407**

- **Websites**

-

- **iway**

- **Departments - Corporate Compliance/Internal Audit**
 - **Resources – Fraud and Abuse Tip Referral Form**

Independence Blue Cross Contact

Rod Sullivan

**Director Financial Investigations &
Support**

Independence Blue Cross

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Philadelphia, PA 19103

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Fax (215)567-6901

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