Daniel in the Lion’s Den – Rubens 1613.
Dental Fraud and Rebate Maximising

‘An ADA Perspective’

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Australian Dental Association
WA Branch Inc
Australian Health Practitioner Regulation Agency

The Dental Board of Australia
(h) to establish panels to conduct hearings about —
(i) health and performance and professional standards matters in relation to persons who are or were registered in the health profession under this Law or a corresponding prior Act.
Practitioner Audit

- Recency of practice standard
- Continuing professional development standard
- Professional indemnity insurance arrangements standard
- Criminal history registration standard
The Dental Board of Australia has developed policies, codes and guidelines to provide guidance to the profession. These also help to clarify views and expectations on a range of issues.

**Policies**

Dental Interim Policy - Registration of overseas speakers  
Dental Interim Policy - Botulinum Toxin  
Dental Interim Policy - Teeth Whitening/Bleaching  
Dental Policy - Cone Beam Computed Tomography
Codes and Guidelines

Dental Code of Conduct

Dental Guidelines for Mandatory Notifications
Dental Guidelines on Continuing Professional Development
Dental Guidelines on Dental Records
Dental Guidelines on Infection Control
Dental Guidelines for Advertising of Regulated Health Services
Transition Guideline Conscious Sedation Area of Practice Update August 2011
Dental Guidelines on Supervision (171 KB, PDF)
Factors involved in Fraud

- A supply of motivated offenders
- Availability of suitable targets
- An absence of capable guardians

“The intensity of desire and the perception of opportunity are personality variables. The balance between desire and opportunity moves. Temptation to steal fluctuates with individual temperament and situation”.

Cohen 2003
Common elements in fraud.

1. Financial strain.
2. Decline in standard of living.
3. Risk taking.
4. Ego/Power.
5. Superiority.
6. Weak restraints.
7. Undervalued services.

Australian Institute of Criminology
Gwynn Nettler has provided some useful insights into those characteristics that can predispose a person to wrongful behavior.

Low self-esteem.
Psychopaths and sociopaths.
Arrogance and egocentricity.
A poorly developed code of ethics.
Emotional instability.
A desire to beat the system.
Taking pleasure in manipulating others
Criminal History Checks-AHPRA

The overall percentage of ‘disclosable court outcomes’ reported was stable at 6% in 2011 and 2012.
COMMON DENTAL (Front Office) ISSUES

• Collusion between members and staff to make false claims.

• Electronic or paper claims for services not rendered.

• Submitting altered receipts/claims.

(These matters are facilitated by the policy of rebating unpaid accounts).
Common Frauds

Misrepresentation of treatment dates
Misrepresenting the diagnosis to justify treatment services
Falsifying treatment or financial records
Provision of purely cosmetic work
Non-declaration of other cover
Identity misrepresentation
Rebadging services denied
Redating services denied
Age of Offenders

<table>
<thead>
<tr>
<th>Age of Perpetrator</th>
<th>2008</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;60</td>
<td>3.9%</td>
<td>2.8%</td>
</tr>
<tr>
<td>51-60</td>
<td>15.4%</td>
<td>18.9%</td>
</tr>
<tr>
<td>41-50</td>
<td>35.5%</td>
<td>34.6%</td>
</tr>
<tr>
<td>36-40</td>
<td>16.2%</td>
<td>16.4%</td>
</tr>
<tr>
<td>31-35</td>
<td>16.1%</td>
<td>12.8%</td>
</tr>
<tr>
<td>26-30</td>
<td>8.1%</td>
<td>8.8%</td>
</tr>
<tr>
<td>&lt;26</td>
<td>4.6%</td>
<td>6.0%</td>
</tr>
</tbody>
</table>

Percent of Cases
Dentists in Australia 2012.

% By Age Group
Effect of Income
Overservicing

Provide a service or perform or direct certain procedures to be performed on a patient that are neither clinically indicated nor scientific, or have been shown to be ineffective, harmful or inappropriate through evidence-based review.
Overservicing

“Dentists stand to gain from their own advice”

Motives - economic survival and financial gain, in the face of spiralling costs and underlying health CPI.

Factors;
- Outdated treatment alternatives
- Patient demands
- Unclear diagnostic and treatment decisions
- Cultural, moral and ethical positions.

Hartshorne J, Hasegawa TK Jr.
Overservicing in dental practice--ethical perspectives
What Constitutes Overservicing?

Cosmetic Dentistry
Implants
Invisalign
Rotary Endodontics
Grafting (soft/hard)
Prevention
Microabrasion
Rationalisation

Preferred (Participating) Providers
Non-preferred providers
Definition

Rationalisation is motivated by wanting to defend an *a priori* position.

- Not an open ended enquiry
- Selective reference to evidence
- Failure to interrogate starting assumptions and historical context
PP rationalisation

Inadequacy of agreed fee.
Inadequacy of agreed fee increases.
Cost conscious patient pressure, (Gap squeeze).
Cost escalations in service delivery.
Rising living costs.
Fund premiums outstripping CPI.
Non-PP rationalisation

Inadequate rebate/discrimination.
Loss of choice of provider.
Redirection by Fund.
Market manipulation – financial pressures.
Stagnant rebates.
Rising practice costs.
Rising living costs.
Fund premiums above CPI.
<table>
<thead>
<tr>
<th>Years</th>
<th>Dental services performed (million)</th>
<th>(% change)</th>
<th>Benefits paid* ($ million)</th>
<th>Average benefit per service* ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>21.0</td>
<td>N/C</td>
<td>1,381.5</td>
<td>65.73</td>
</tr>
<tr>
<td>2006-07</td>
<td>24.4</td>
<td>16.2</td>
<td>1,483.5</td>
<td>60.89</td>
</tr>
<tr>
<td>2007-08</td>
<td>26.0</td>
<td>6.6</td>
<td>1,550.0</td>
<td>59.72</td>
</tr>
<tr>
<td>2008-09</td>
<td>27.1</td>
<td>4.2</td>
<td>1,603.8</td>
<td>59.13</td>
</tr>
<tr>
<td>2009-10</td>
<td>28.4</td>
<td>4.8</td>
<td>1,726.6</td>
<td>60.88</td>
</tr>
<tr>
<td>2010-11</td>
<td>29.4</td>
<td>3.5</td>
<td>1,712.6</td>
<td>58.24</td>
</tr>
</tbody>
</table>

*Values are expressed in 2011-12 prices, using the GDP deflator

SOURCE: PRIVATE HEALTH INSURANCE ADMINISTRATION COUNCIL
## Real cost per dental service covered by private health insurance*

<table>
<thead>
<tr>
<th>Years</th>
<th>Cost ($)</th>
<th>(% change)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006-07</td>
<td>124.15</td>
<td>0.6</td>
</tr>
<tr>
<td>2007-08</td>
<td>123.35</td>
<td>-0.6</td>
</tr>
<tr>
<td>2008-09</td>
<td>122.15</td>
<td>-1.0</td>
</tr>
<tr>
<td>2009-10</td>
<td>125.23</td>
<td>2.5</td>
</tr>
<tr>
<td>2010-11</td>
<td>119.27</td>
<td>-4.8</td>
</tr>
</tbody>
</table>

*Values are expressed in 2011-12 prices, using the GDP deflator

SOURCE: IBISWORLD
Corporatisation in Dentistry

PRACTICE PURCHASE
  Payment in Shares
  Controlled profitability
  Goodwill payments

PRACTICE MANAGEMENT
  Sample accounts/surfing
  Padding
  Excessive prescription of services
Association and Indemnity.
### Practice Ownership

<table>
<thead>
<tr>
<th>Specific legislation</th>
<th>Omnibus legislation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership provisions legislated.</td>
<td>No provisions.</td>
</tr>
<tr>
<td>Vicarious responsibility.</td>
<td>Responsibility to shareholders.</td>
</tr>
<tr>
<td>Practice owners are dentists.</td>
<td>Practice owners may be any person.</td>
</tr>
</tbody>
</table>
Oversupply of Dentists

1970 Grad 1:5240
2010 Grad 1:1960
Set-up $50,000

1970 Chair $6800
2010 Chair $43000
Set-up $450000
What have been the changes?

- Since 2005 there has been 4 more dental schools established – now 9 in total.
  - Griffiths
  - James Cook
  - Charles Sturt
  - La Trobe
- Intakes have been increased at all Schools.
- By 2013 graduating numbers will double to 580.
OTHER WORKFORCE SOURCES

Dentists

- Overseas Trained Dentists.
  - 35 in 1990
  - 50-60 in the early 2000’s
  - 299 in 2006
  - 358 in 2009

NB: This is the equivalent of 6-8 dental schools.
A doctor at a Sydney medical clinic who billed Medicare $830,208 for providing 28,102 services for 10,660 patients in one year, making him Australia's busiest general practitioner;
CORNERSTONE PRINCIPLES

Patient autonomy
No harm
Do good
Just conduct
Truth
Do good-beneficence

The welfare of the patient is paramount in the provision of dental services. The dentist is obligated to consider the well-being of the patient in the presentation of treatment options and the ultimate provision of agreed services.
What constitutes an Ethical Dilemma

“The woodpecker has to go”
ETHICS COMPRISSES
Why Don't People Do What Others Think They Ought?

An individual may be blind to the moral issues
Lack development of moral sensitivity especially in ambiguous situations
An individual may fail to give priority to moral concerns.
Suicide and professional stress

  - Patients’ missed appointments
  - Fears
  - Dissatisfaction with treatment
  - Payment problems
  - Insurance companies
  - Discrepancies between ideals and day-to-day practice
  - Conversational garbage from patients???
Industry at a Glance
Dental Services in 2011-12

Key Statistics Snapshot

Revenue: $5.5bn
Annual Growth 07-12: 3.8%
Annual Growth 12-17: 3.8%

Profit: $1.5bn
Wages: $1.8bn
Businesses: 6,588
Major market segmentation (2011-12)

- 36.2% People aged 25 to 44 years
- 31.7% People aged 45 to 64 years
- 11.7% People aged 65 years of age and older
- 7.6% People aged 18 to 24 years
- 5.6% People aged 5 to 11 years
- 1.1% People aged under 5 years
- 6.1% People aged 12 to 17 years

Total $5.5bn

SOURCE: www.ibisworld.com.au
<table>
<thead>
<tr>
<th>Type of service</th>
<th>1993-94 (units)</th>
<th>2003-04 (units)</th>
<th>2020* (units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diagnostic</td>
<td>0.60</td>
<td>0.80</td>
<td>1.01</td>
</tr>
<tr>
<td>Preventative</td>
<td>0.34</td>
<td>0.44</td>
<td>0.57</td>
</tr>
<tr>
<td>Periodontic</td>
<td>0.02</td>
<td>0.02</td>
<td>0.02</td>
</tr>
<tr>
<td>Oral Surgery</td>
<td>0.09</td>
<td>0.07</td>
<td>0.06</td>
</tr>
<tr>
<td>Endodontic</td>
<td>0.11</td>
<td>0.12</td>
<td>0.27</td>
</tr>
<tr>
<td>Restorative</td>
<td>0.63</td>
<td>0.63</td>
<td>0.66</td>
</tr>
<tr>
<td>Crown and bridge</td>
<td>0.07</td>
<td>0.07</td>
<td>0.11</td>
</tr>
<tr>
<td>Prosthodontic</td>
<td>0.10</td>
<td>0.08</td>
<td>0.08</td>
</tr>
<tr>
<td>Orthodontic</td>
<td>0.02</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td>General/Misc</td>
<td>0.05</td>
<td>0.04</td>
<td>0.04</td>
</tr>
</tbody>
</table>

*Projected

Source: Australian Institute of Health and Welfare
Reality Bites

Estimated percentage change in annual revenue and profit for dentists in the U.S.

- Through Sept 30

Source: Sageworks, Los Angeles Times

www.agorafinancial.com
As of July 2012 the company was one of the largest providers of dental services in the Dallas-Fort Worth area and has about 60,000 Medicaid patients. As of September 2012 the company has about 20 clinics in the State of Texas. On May 2, 2012, All Smiles Dental Centre, Inc. filed for Chapter 11 bankruptcy protection.

“excessive” and “inappropriate” orthodontic care
Dental Cases Panel Statistics

Breakdown – Complaints / Dentists

<table>
<thead>
<tr>
<th>Year</th>
<th>Preferred Provider</th>
<th>ADC registration</th>
<th>Specialist</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>39.86%</td>
<td>8.39%</td>
<td>9.79%</td>
</tr>
<tr>
<td>2010</td>
<td>52.31%</td>
<td>7.69%</td>
<td>7.69%</td>
</tr>
<tr>
<td>2011</td>
<td>64.44%</td>
<td>9.63%</td>
<td>8.89%</td>
</tr>
<tr>
<td>2012 (to 23/11/2011)</td>
<td>62.90%</td>
<td>8.06%</td>
<td>8.06%</td>
</tr>
</tbody>
</table>
Breakdown of Services

Products and services segmentation (2011-12)

- General dental services: 80.3%
- Other specialist dental service practices: 16.2%
- Oral surgery: 3.5%

Total $5.5bn

Source: www.ireworld.com.au
Market Share
There are no major players in this industry.

Revenue vs. employment growth
- Revenue (pink line)
- Employment (red line)

Real household disposable income

Business locations
- NSW 36.7%
- VIC 24.6%
- QLD 18.3%
- WA 10.4%
- SA 7.8%
- TAS 1.6%
- NT 0.6%

Key External Drivers
- Real household disposable income
- Demand from health insurance
- State funding for dental services
- Population aged 50 or older

SOURCE: www.tbsworld.com.au
Finance Minister Peter Walsh

Confessions of a failed Finance Minister

Random House 1996

“dental treatment has the potential to be a bottomless fiscal pit which no Commonwealth government should go near”.
EMPLOYEE ISSUES

1. Falsification-patient benefit
2. Falsification-shared benefit
3. Falsification-employee
4. Family write-offs
5. Gratuitous trades.
OFFICE of INSPECTOR GENERAL

Establish a code of conduct through written policies and procedures.

Designate a compliance officer or contact to monitor the program.

Provide comprehensive training and education on practice ethics and policies and procedures.

Develop communication forums, such as staff meetings, bulletin boards, and newsletters, to keep employees informed about compliance activities.

Monitor and conduct internal audits that focus on high-risk billing and coding issues.

Enforce disciplinary actions. Respond appropriately to potential violations.
Employee dishonesty.

- Employees who appear to live beyond their means.
- Employees who won't go on vacation.
- Employees who aren't team players.
- More patient complaints about billing mistakes.
- Office managers who insist on opening every piece of mail.
Psychiatric/Psychologic conditions
“As humans, the ability to control our impulses, or urges, helps distinguish us from other species”

- People with an impulse control disorder can’t resist the urge to do something harmful to themselves or others.

- People with these disorders may or may not plan the acts, but the acts generally fulfil their immediate, conscious wishes.
IMPULSE CONTROL DISORDERS

- Little capacity for critical self-evaluation.
- May suffer other anxiety disorders.
- May involve limbic system disorders (memory/emotion).
- Often respond to SRI’s.
Dentist response to audit.

Flight or fight behaviours

- Denial
  - Negating the concepts of error
  - Repressing the memory
  - Re-defining as non-mistake

- Discounting
  - Blaming the external circumstances, The disease/condition or the patient

- Distancing
  - Avoiding reminders/discussion/the patient
Quality Assurance in Dentistry

This is the heart of the Good Practice Scheme – ten simple sentences that sum up everything the Scheme stands for:

- We aim to provide dental care of consistently good quality for all patients
- We only provide care that meets your needs and wishes
- We aim to make your treatment as comfortable and convenient as possible
- We look after your general health and safety whilst receiving dental care
- We follow current guidelines on infection control
- We check for mouth cancer and tell you what we find
- We take part in continuing professional development to keep our skills and knowledge up-to-date
- We train all staff in practice wide work systems and review training plans once a year
- We welcome feedback and deal promptly with any complaints
- Every member of the practice is aware of the need to work safely under Dental Council guidelines
Thanks for your attention