




	<p><b>Phantom - False Front Providers – a Continuing Problem</b>  Jane Grover, Senior Investigator and Scott Drown, Senior Investigator  AdvanceMed - Western Integrity Center (WIC)  Program Safeguard Contractor (PSC) 7/14/2000 to 10/20/2010  Zone Program Integrity Contractor (ZPIC) beginning 10/21/2010  November 16, 2011</p>
<p>Integrity Quality Technology Innovation Collaboration</p>	
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<p>Integrity Quality Technology Innovation Collaboration</p>	
<p style="text-align: center;"><b>The Western Integrity Center – AdvanceMed Role</b></p> <ul style="list-style-type: none"> <li>• June – 2008 Asked by CMS to conduct Data Analysis of the Billing of Compromised Medicare Numbers for Medicare Part B for the <u>entire US</u>.</li> <li>• Purpose - to identify Phantom or False Front Providers (FFP) and Shell Labs.</li> <li>• False Front Providers and Shell Labs schemes which are discovered are referred to the Program Safeguard Contractor (PSC) or ZPIC with jurisdiction to develop and make referrals to Law Enforcement.</li> <li>• Identification and communication of new schemes to CMS, Law Enforcement (HHS OIG / FBI) and other PSCs and ZPICs, through a monthly “Labs and PINs Workgroup” conference call. Schemes evolve rapidly.</li> </ul> <div style="text-align: right; margin-top: 20px;">  </div> <div style="display: flex; justify-content: space-between; align-items: flex-end; margin-top: 20px;">  <p style="font-size: small;">11/2/2011 4:30:45 PM 9858-08</p> </div>	

## WIC Performance Summary – FFP Activity June 1, 2008 through September, 2011

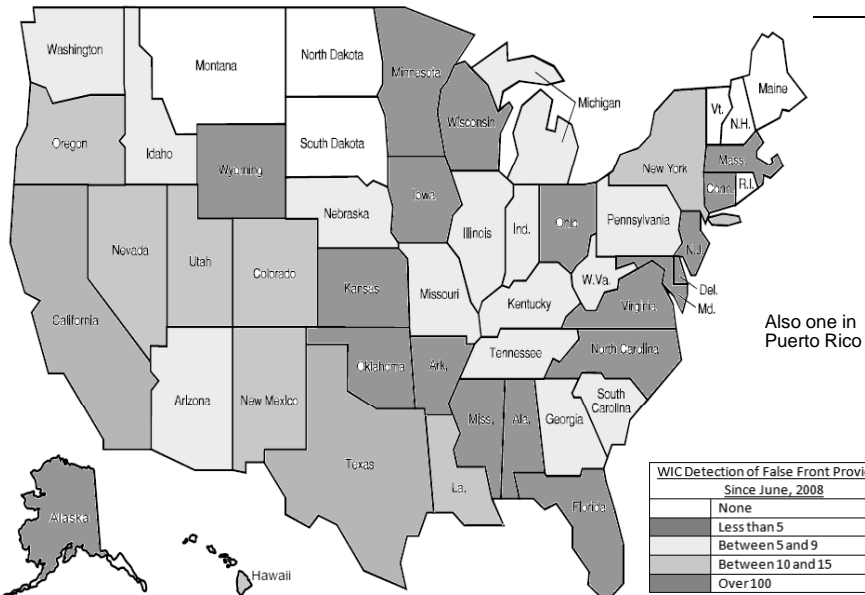
### Referrals to other PSCs/ZPICs

Time Period	Total Referrals	Referrals Made Before Provider Paid	Referrals Made After Provider Paid	Total Dollars Paid	Avg Dollars Paid For Those Providers With Payments At Time Of Referral
5/1/08 - 12/31/08	19	4	15	\$8,579,418.00	\$571,961
1/1/09 - 12/31/09	157	120	37	\$33,603,001.72	\$908,189
1/1/10 - 12/31/10	117	79	38	\$11,212,032.80	\$295,053
1/1/11 - 9/30/11	117	57	60	\$16,393,006.00	\$273,217
<b>Total</b>	<b>410</b>	<b>63% 260</b>	<b>37% 150</b>	<b>\$69,787,458.52</b>	

Estimated Savings for FFPs caught before they were paid: \$150,153,135

### FFPs in WIC States

- The WIC has detected 74 FFPs in the WIC states since January 2009.
- Out of the 74, only eight received Medicare payment.



## Definitions and Types of Schemes

### Phantom or False Front Provider

- Provider Identity Theft – doctor is victimized.
- Practice location is a mailbox or an empty storefront.

### Cloned Laboratory

- Legitimate Laboratory identity is stolen.
- Letters and payments sent to a mailbox or “new” account.
- Practice location is the legitimate laboratory.

### Shell Laboratory

- Medical Director Identity Theft – doctor is victimized.
- Practice location is a mailbox or an empty storefront.

### Waived Laboratories

- Not subject to CLIA inspection.

## Definitions and Types of Schemes - Continued

### Leased Provider

- Provider is aware of or blind to the scheme.
- May be paid to sign documents and other papers.

### Ambulances

- Phantom or False Fronts in CA and TX, spreading to other states.
- Bill compromised Medicare numbers at high rates of services per patient.
- Research often shows new ambulance providers in process of being set up.
- Blend with “bad” providers.
- A special work group has been created to address this issue – SafeGuard Services in CA.

### “Bad” Providers

- Research on the previous schemes often lead to providers that are not phantom or false front providers.
- However they bill with aberrant patterns and may share addresses and persons in common with a phantom provider.

## Definitions and Types of Schemes - Continued

### Billing Companies

- Increasingly a nexus has been seen between a billing companies, “bad” providers and phantom or false front providers.
- In one case in Texas a billing company was linked to 65 different ambulance providers, most of whom were suspect.
- SafeGuard Services in CA has a workgroup coordinating information on this problem.

### Schemes rapidly develop and change as we develop tools to detect them.

**These schemes cover all parts of Medicare, Medicaid and private insurance.  
Shared information is a good tool – NHCAA Siris Database Non-Existent Providers**



## Common Methods of Operation

- Set up a Corporation – Select an Office Address – Obtain an NPI . . . . Process can span months or even a year or more.
- Application to Medicare for enrollment usually using the stolen identity of a physician.
- The application requests a new PIN and reports a new practice location, different than the victim physician's real practice.
- Medical licenses, diplomas and certificates are originals or close forgeries. Suspects have all of physician's identifiers – SSN, Date of Birth, Medical School, etc.
- The practice location is empty. May have the doctor's name on the door or may simply be a vacant office available for rent. The same fake address and group names may be used multiple times with different stolen doctors' identities. The use of a “virtual” office is a new trend.
- The use of commercial mail box receiving agency as the fictitious location used in the past. Now a legitimate address is often used.
- Once the Medicare enrollment is approved– bills a few “test” claims then a massive amount of claims in a short period - then disappear. In AZ \$4.5 million paid in 6 weeks.



## Common Methods of Operation - Continued

### Specific to Laboratories:

- Application to CLIA and Medicare using false information, stolen identity of lab director or "leased" lab director.
- May purchase an existing defunct lab to bill through.
- Storefront with minimal testing equipment, empty office or even a vacant lot. At times testing equipment shared from fake site to fake site.
- Suspects appear to be aware that the time span between application approval and an on-site lab inspection can be as much as 90 days.

### Specific to Ambulances:

- Often see only one old ambulance, billing a large number of claims.
- Transports to renal facilities and/or mental health facilities daily.

## Can Find False Front Providers Two Ways

- Postpay – by reviewing processed claims
- Prepay – by reviewing information about new providers

**Once one False Front Provider is discovered:**

Follow the trails to find MORE suspect providers

## WIC National Data Analysis – Postpay

Monthly data analysis completed by the WIC to detect Phantom/False Front Providers and Shell Labs run against National Medicare Part B Data beginning in June 2008.

### Analysis based on ViPS STARS Claims Data – Paid Claims (Up to 1 Month Delay):

Running known Compromised HIC numbers against new month's data  
In August 2011 – over 2.4 million claim lines.

- Analysis of providers – Type and specialty, name, location, background.
- Analysis of claims billed - Number of services per beneficiary, types of services and frequency, diagnosis codes, bene address vs. provider address.
- Billing of particular CPT codes or combinations of CPT codes:  
91122 – Anorectal Manometry – good indicator in the past – No longer used  
Now almost any combination of CPT codes billed with high number of services in 1 day. Diagnosis codes often inconsistent. Varies by perpetrator and region.
- Can be very subtle. For one the only indication was that the referring doctor, on every claim, was a victim of provider identity theft.



## Postpay Case Example 1

### Phantom or False Front – Sole Proprietor Multi Specialty Clinic

- Found through following an address used by other Phantom/False Front providers.
- Best Services Ever Medical Center (Not the real name).
- Medicare PIN obtained recently – No Claims billed yet.
- Research showed physician at the suspect center working and billing at another valid provider 170 miles away.
- Practice phone number comes back to another provider, ABC Wellness, which does not exist.
- The owner of the practice is 27 years old, has a real estate license and connections to an income tax service.
- Other providers at the same address:
  - 1 DME company which has a pending indictment.
  - Two other clinics with investigations open as Phantom Providers.
  - One other clinic that the WIC has already advised the jurisdiction of being a likely False Front provider.
  - One ambulance provider that the WIC has advised is a likely “bad” provider.



## Postpay Case Example 2

### Phantom or False Front – Ambulance

Found through Monthly Analysis of claims billed using compromised Medicare Numbers.

#### Ambulance Provider “A”

- Paid \$141,600 in 2 months.
- Billing using 23 Medicare Numbers, 74% are compromised.
- High number of claims per beneficiary.
- Claims for transports to mental health facility on consecutive days.
- Uses one 13 year old ambulance.
- The provider owner is 24 years old.
- Practice address linked to previous bad providers.
- A shared address is linked to a Home Health Agency and another suspect ambulance provider which is connected to yet another suspect ambulance provider.
- Uses Billing Agency – Best Ever Billing Company (Not a real name)

Follow the common agent link to . . .



## Postpay Case Example 2

### Ambulance Provider “B”

- Paid \$154,900 in 2 months.
- Billing using 18 Medicare Numbers, 72% are compromised.
- High number of claims per beneficiary.
- Claims for transports to mental health facility on consecutive days.
- Uses one 9 year old ambulance.
- The practice address is also the address of a garbage collection company and porta potty service (Porta pottys show on Google Earth photos)
- Associated with yet another Home Health Provider.
- Same Practice City as Ambulance Provider “A”.
- Same Billing Agency as Ambulance Provider “A”.

Follow the billing agency link to . . .



## Case Example 2

### Ambulance Provider “C”

- Enrolled with Medicare 6 months prior but has not billed yet.
- The practice address is an office supplies center.
- The practice is two states or 600 miles from Ambulance Provider A and B.
- The provider owner has a current address in the original city and state, 600 miles away.
- The provider director has a current address in the original city and state, 600 miles away.
- None of the listed practice numbers are accepting calls.
- The emergency phone number for the provider listed with the state EMS regulator is a cell phone which comes back to an 82 year old man living in Massachusetts, 1,300 miles away from the practice address.



## WIC National Data Analysis – Prepay

### Analysis based on new Provider Data

#### NPES (National Plan and Provider Enumeration System):

- The website is:  
<https://nppes.cms.hhs.gov/NPPES/NPIRegistryHome.do>.
- Can be downloaded at: [http://nppes.viva-it.com/NPI\\_Files.htm](http://nppes.viva-it.com/NPI_Files.htm).
- Review names, owners, titles, addresses.

#### STARS (Services, Tracking, Analysis and Reporting System):

- Extract provider groups each month.
- Review new group names, suspect addresses, “pay to” addresses, specialties and TINS.

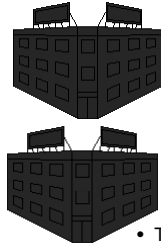




## Prepay Case Example 1

### Cloned Laboratory (all names are fictitious)

- A laboratory (Labsource) was identified in Arizona and verified as false.
- The registered agent was Peter Jones.



- Now a new laboratory in Ohio (Reproductive Lab) just obtained a provider number.
- The registered agent is Ambrose Walters – so no connection there.
- But the NPI website lists the president of Reproductive Lab as Peter Jones.
- Use the CMS CLIA website to locate the real Reproductive Lab ([https://www.cms.gov/clia/18\\_laboratory\\_registry.asp](https://www.cms.gov/clia/18_laboratory_registry.asp))
- As expected, the cloned lab has the same physical address as the real lab.

- The correspondence and pay-to address for the cloned lab is home to a Post Net office.
- The phone # of the cloned lab is a toll-free number and does not match what is on the CLIA website for the real lab.
- The physician listed as the medical director for the cloned lab is Juan Martinez, M.D.
- Dr. Martinez is actually a vascular surgeon in Las Vegas, NV.
- The email address for the cloned lab is [reproductivelab@yahoo.com](mailto:reproductivelab@yahoo.com). The real lab has its own website.

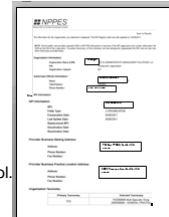


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## Prepay Case Example 2

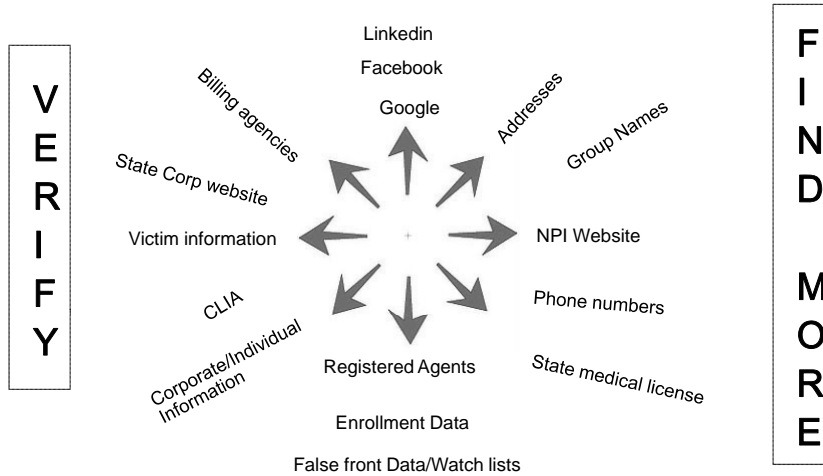
### False Front Provider – Victim Physician (names are fictitious)

- A new provider group has a provider number - Mango Administrative Management Solutions LLC.
- Check the NPI website for the group:
  - Authorized official is Glenda Hoover.
  - Selected taxonomy is general practice.
- The doctor associated with the new group is Sheila Mayfield, M.D.
  - She practices in Internal Medicine.
  - She has a REAL provider # associated with University of Washington Medical School.
  - She has current claims with the U of W, many with place of service "hospital".
- Use a database of individuals and corporations.
  - Glenda Hoover is 24 years old.
  - The phone number for Mango Administrative Management is a real landline. There is a recorded message asking the caller to leave his/her name and phone number.
- Check the address with Google
  - Google maps shows an office building.
  - But space at this address has been listed for lease.

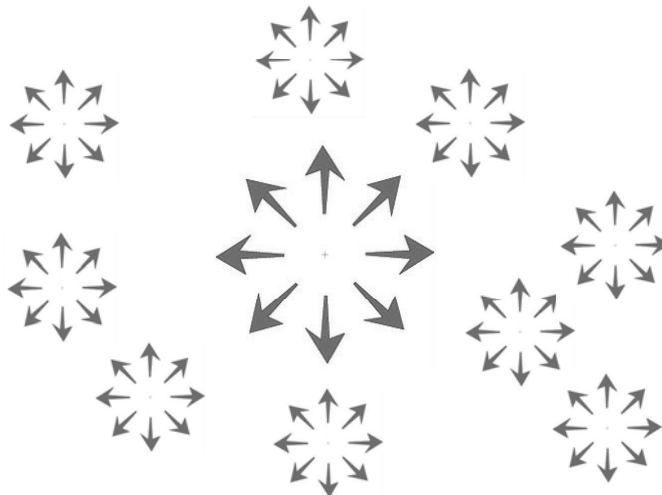


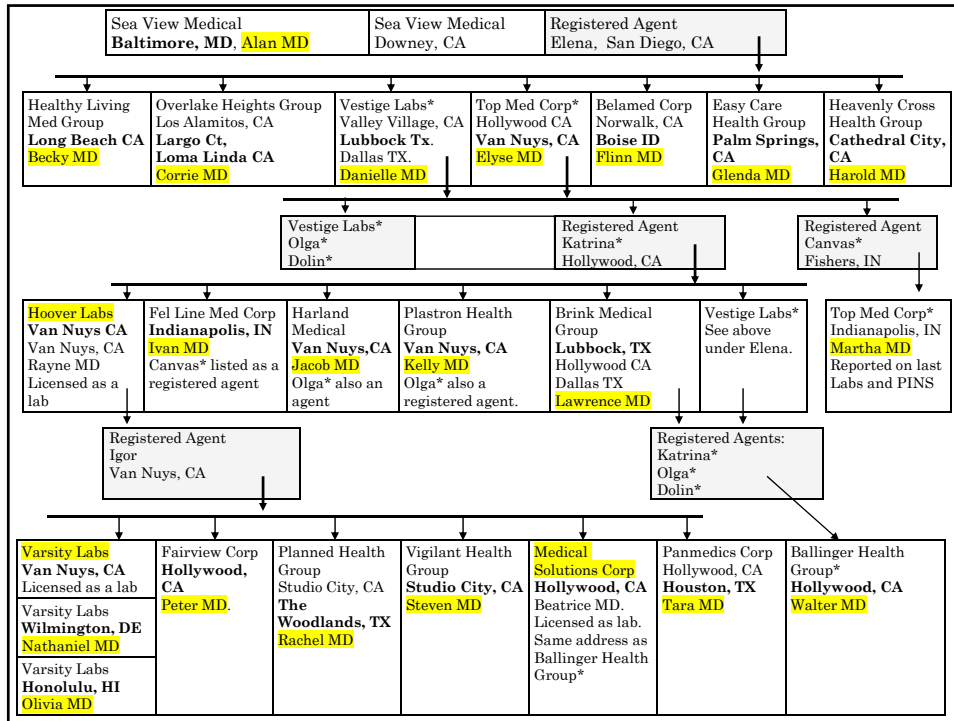
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### Once a false front provider is suspected



### One false group can lead to many more – each new false front provider found can lead to even more







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### Response to False Front Providers

- Time is of the essence or the money will be gone.



- If a scheme works, it will be repeated.
- New schemes continue to be developed.

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### PSC/ZPIC Response

- Immediate phone call to law enforcement.
- Time is of the essence to stop payment and assist law enforcement by identifying bank account information so they can freeze accounts and seize funds.
- Implementation of BI edits and payment suspensions.
- Contact with victim providers to obtain attestations.
- Analysis of all information to show origins of names and phone numbers, etc to establish linkages between different schemes to locate suspects.
- Working with provider enrollment to gain further information regarding suspects.
- Preservation and processing of applications to give to law enforcement for latent fingerprints.
- Continuing support to law enforcement effort as requested.



### Questions?

For more information please contact us:

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