



Healthy Grants Workshop Detecting, Reporting Fraud and the Organizational Consequences of Fraud

Office of Inspector General
U.S. Department of Health and Human Services





Objectives of this presentation

- HHS-OIG background
- Discuss indicators of fraud and prevention of fraud
- Gain an understanding of internal controls
- Ways to report fraud, waste, and abuse in HHS programs





Office of the Inspector General

- Office of Investigations
 - Operations Officers
 - John Croes and Jonelle Soeffing
- Office of Council to the Inspector General
 - Senior Counsel
 - Geeta Taylor





Who we are and what we do





The Inspector General Act of 1978

- Oversight authority established by the Inspector General Act of 1978
 - All Federal departments with OIGs
 - Responsibilities include:
 - Conduct audits and investigations
 - Recommend policies to the HHS to encourage economy and efficiency
 - Prevent and detect fraud, waste, and abuse
 - Keep the Department and Congress informed





Inspector General Act 1978

- An independent and objective IG
- Direct /unrestricted access to agency records & information
- Subpoena authority for information and documents outside the agency
- Semiannual reporting to Congress





HHS-OIG

- Largest IG office in the Federal Government
- Approximately 1,600 individuals
- Auditors, evaluators, investigators, lawyers
- Oversee programs that are a significant part of the Federal budget





HHS-OIG's Mission

- Protect the integrity of HHS programs
- Protect the health and welfare of the people these programs are meant to serve





HHS-OIG: Our Components

- Office of Audit Services
- Office of Evaluation and Inspections
- Office of Investigations
- Immediate Office of Inspector General
- Office of Counsel to the Inspector General
- Office of Management and Policy





HHS-OIG: Our Components #2

- Multifaceted, collaborative team approach
- Components play various roles in oversight
- Auditors, evaluators, attorneys, and investigators working together



Audit



Evaluate



Investigate



Counsel





OI's Mission

OI's mission is to protect the integrity of HHS programs

OI conducts investigations of fraud and misconduct related to HHS programs, operations, employees and contractors.

- Criminal
- Civil
- Administrative





OI's Personnel

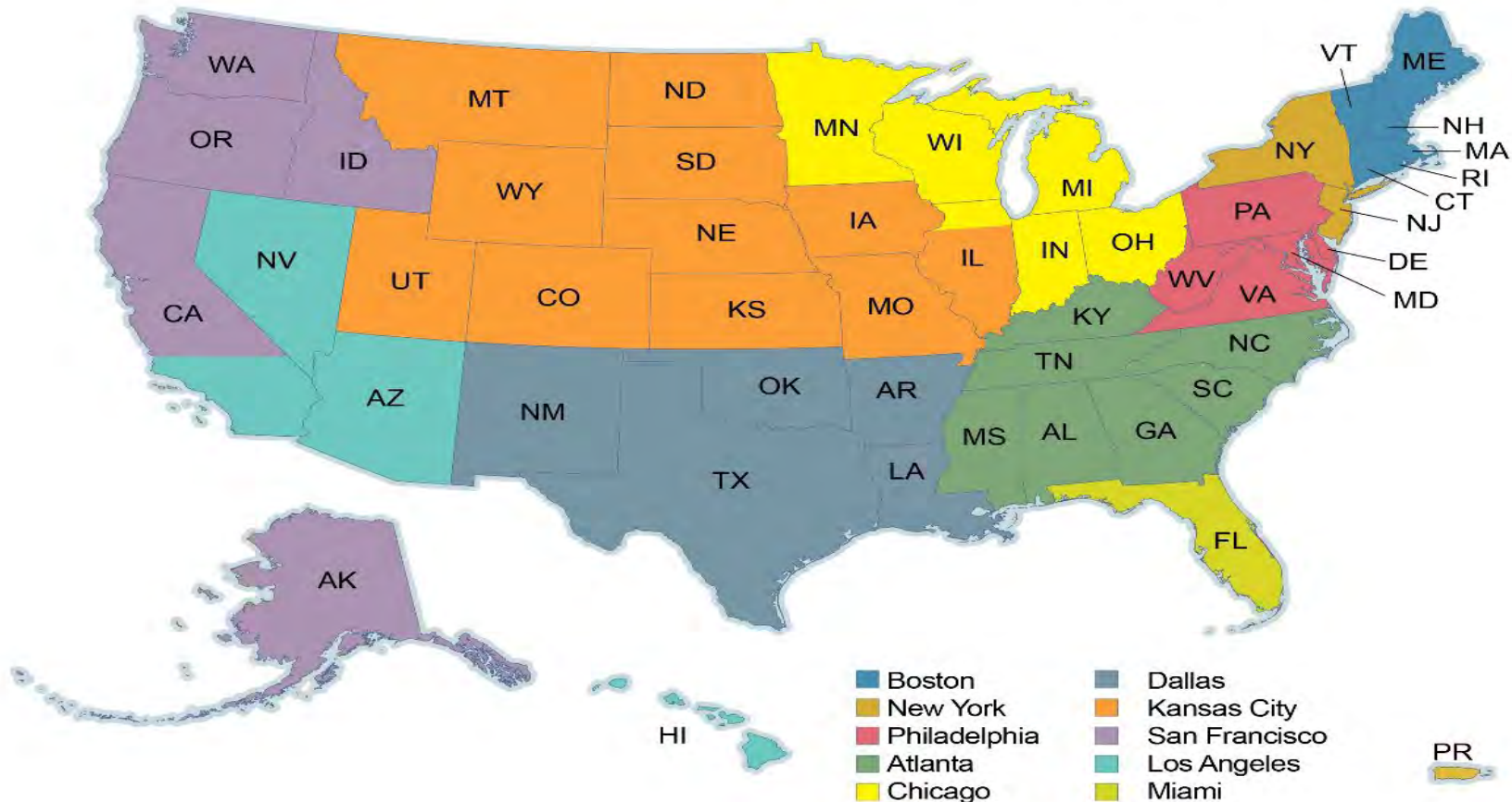
- OI has about 600 employees nationwide, consisting of approximately 470 criminal investigators and other mission support staff, such as general investigators, forensic computer examiners, investigations analysts, investigations assistants, and administrative staff.





OI's Regional Map

Office of Investigations Regional Map





OI's Resources

Majority of OIG's resources goes toward oversight of Medicare and Medicaid – these programs represent a significant part of the Federal budget and they affect some of our most vulnerable citizens





Sources of Referrals





Areas of Investigations

- Medicare & Medicaid fraud
- Prescription drug diversion
- Grant and contract fraud
- HHS employee misconduct
- Benefit enrollment fraud
- Identity theft in relation to other fraud
- Other health insurance fraud





Investigative Activities

- **Search Warrants**
- **Arrest Warrants**
- **Grand Jury Subpoenas**
- **OIG Subpoenas**
- **Surveillance**
- **Undercover Operations**
- **Strike Force Operations**





Examples of Offenses Investigated

- **Health Care Fraud**
- **Conspiracy**
- **Theft & Embezzlement**
- **Bribery**
- **Drug Diversion & Drug Distribution**
- **False Statements**
- **False Claims**
- **Crimes against persons**





HHS Grant Funding

- The largest grant-making department in US:
- FY2021: Over \$879.2B (Overall)
- FY2021: Over \$48B (HRSA)
- FY2020: Over \$726B (Overall)
- FY2020: Over \$113B (HRSA)
- FY2019: Over \$520B (Overall)
- FY2019: Over \$9B (HRSA)





Fraud

What is Fraud?





Definition of Fraud

There are a number of different fraud definitions, but essentially it is...

- Deliberate deception to secure an unfair gain
- Deceit, trickery, breach of confidence, perpetrated for profit or to gain some unfair or dishonest advantage.





Types of Fraudulent Conduct

- **Theft/embezzlement (grant administrators/program directors)**
- **Bribery of officials and contractors**
- **Grantees and recipients providing false information on applications**
- **False documents including invoices**
- **Unauthorized/inflated salaries (staff, family, friends)**
- **Wages paid, yet no work performed**
- **Grant funds used for personal travel and other items of personal enhancement**
- **Misuse of grant funds**
- **Submission of false claims for reimbursement**





Myths About Fraud

- **Only certain types of people commit fraud.**
- **Most fraud goes undetected.**
- **Fraud is usually well concealed.**





Fraud Continued ...

Why Do People Commit Fraud?





The Fraud Triangle

THE FRAUD TRIANGLE

Pressure

Motivation or Incentive to Commit Fraud

Rationalization

Justification of Dishonest Actions



FRAUD

Opportunity

The Knowledge and Ability to Carry Out Fraud

The Fraud Triangle by Donald R. Cressey





Fraud Scale



Appropriate
Operations

Mistakes

Gross
Negligence

Fraud





Fraud Indicators

- **One person in control**
- **No separation of duties**
- **Lack of internal controls**
- **No prior audits**
- **High turnover of personnel**
- **Conflict of Interest**
- **Money problems**
- **Allegations of fraudulent conduct**
- **Unusual behavior**
- **Living beyond means**





Consequences of Fraud

- Debarment from receiving future funding
- Administrative recoveries of funds
- Civil penalties
- Criminal prosecution
- Loss of employment
- Combination of all or some of these remedies





Suspension and Debarment

- A discretionary administrative action that bars a party from conducting business with the federal government for a set period of time.
- Remedial action (not punitive)
- Taken against entities found to be not “*presently responsible*”
- Government-wide effect
- Applies only to future awards





Suspension vs. Debarment

- Suspension: A temporary administrative action that makes a party ineligible to conduct business with the Government, pending completion of an investigation or legal proceedings
- Debarment: A final action barring a party from conducting business with the Government for a set time based. Usually occurs after the conclusion of an investigation, audit or conviction.





S&D vs. Exclusion

- Exclusions preclude providers and other individuals/ entities from participating in Medicare, Medicaid, and the other Federal health care programs.
- S&Ds apply to contractors, grantees, and other individuals/entities that conduct business with the Government





Fraud Prevention

How can we all prevent fraud in HHS programs?





Internal Controls

How does internal control work?

Internal control helps an entity



Run its operations efficiently and effectively



Report reliable information about its operations



Comply with applicable laws and regulations





Seven Fundamental Elements

1. **Written policies and procedures**
2. **Compliance professionals**
3. **Effective training**
4. **Effective communication**
5. **Enforcement of standards**
6. **Internal monitoring**
7. **Prompt response**





Benefits of Internal Controls

- **Ensures compliance with laws, regulations, and terms of award**
- **Provides reasonable assurance regarding the achievement of objectives**
- **Increases financial reliability and integrity**
- **Helps protect funds against waste and reduce possibility of fraud**





Benefits of Internal Controls #2

Internal controls can also help protect employees

- by clearly outlining tasks and responsibilities**
- by providing checks and balances**
- from being accused of misappropriations, errors or irregularities.**





Lack of Internal Controls

- **Unable to meet objectives**
- **May result in non-compliance with laws, regulations, terms of award**
- **Unauthorized transactions results in waste of funds**
- **Poor internal controls creates opportunity for fraud**





Reporting Fraud

What to do when fraud is identified?





Self-Disclosure

Three channels for Self-Disclosure:

- Health Care

Health care providers, suppliers, or other individuals or entities subject to [Civil Monetary Penalties](#)

- Grants

HHS grant recipients or subrecipients

- Contracts

Enables contractors to self-disclose potential violations of the False Claims Act and various Federal criminal laws involving fraud, conflict of interest, bribery or gratuity. This self-disclosure process is available for those entities with a Federal Acquisition Regulation-based contract.





Health Care Self Disclosure

- Available to all providers, suppliers, and others
- Not limited to a particular industry
- facilitate the resolution of matters that, in the disclosing party's reasonable assessment, potentially violate Federal criminal, civil, or administrative laws for which CMPs are authorized
- False claims or billing, employment of an excluded individual, AKS violation
- Need to identify Federal health care programs impacted





Grant Self-Disclosure

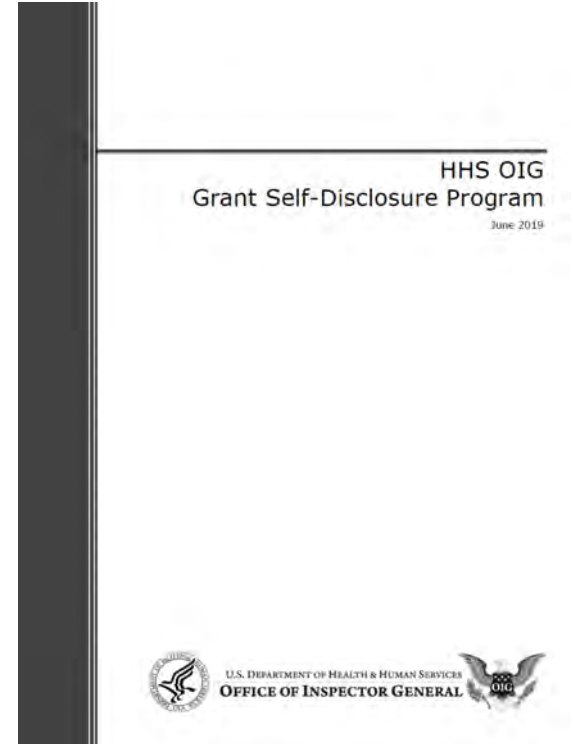
- Mandatory disclosure
 - 45 C.F.R. § 75.113
 - Violations of Federal criminal law that involve fraud, bribery, or gratuity violations
 - Disclose to both:
 - HHS Awarding Agency
 - OIG
- Voluntary disclosures
 - Conduct that violates CMPL or impacts award, but does not trigger the requirements of 45 C.F.R. § 75.113





Grant Self-Disclosure #2

- A framework for evaluating, disclosing, and resolving potential violations of law related to their award
- A way for entities to meet mandatory disclosure obligations and make appropriate disclosures
- Broadly available to recipients, sub-recipients, applicants





Disclosure Submission

- Disclosing entity information
- Award information including program official, op-div
- Full description of conduct
 - Date learned of conduct
 - Types of conduct, transactions or claims giving rise to the matter
 - Time period
 - Names of people involved and explanation of roles in matter
 - Estimate of financial harm
- Corrective Action
- Certification





Resolution and Benefits of Self-Disclosure

- Favorable treatment compared to affirmative investigation
- Track record in health care: faster, cheaper, less disruptive
- OIG coordinates with awarding agencies
- Disclosure results in monetary CMPL settlement
- Settlements are summarized on OIG's public facing website





Where Can I Look for Guidance?

oig.hhs.gov





Whistleblower Protection

- 41 U.S.C. § 4712 prohibits employees of Federal grantees and contractors from retaliation for reporting fraud/waste/abuse. Employees of HHS grantees who believe they have suffered reprisal for reporting, can submit a complaint with the HHS OIG for investigation.
- To file a complaint of reprisal, click on “submit a complaint” button on OIG website. Then click on “Check your eligibility” and proceed to fill out the form. For more information on whistleblower protections, please see the “Whistleblower Protection Information” and “Whistleblower Protection Coordinator” pages on the OIG website, or contact the Coordinator directly at Whistleblower.Coordinator@oig.hhs.gov.





How to Report Fraud

**PHONE: 1-800-447-8477
(1-800-HHS-TIPS)**

TTY: 1-800-377-4950

ONLINE: oig.hhs.gov/fraud/hotline



U.S. Department of Health and Human Services
Office of Inspector General





Conclusion

THANK YOU





Questions

