

## **SARs Lead to Recovery of Funds Derived from Medical Fraud**

BSA records often play a crucial role in federal investigations of medical fraud. The records are often instrumental in seizing assets and shutting down businesses that may be perpetrating the fraud. Some of the businesses may exist on paper only, and prosecution of the perpetrators is often difficult and time-consuming. However, cooperation between the financial industry and government agencies, facilitated through Suspicious Activity Reports, results in early detection of medical fraud and swift action to seize funds generated through the illegal activity. Two recent cases highlight the value of BSA records in these types of investigations.

In one case, initiated through data analysis of fraudulent billing practices, agents discovered that a pharmacy was billing for items and in a manner that was highly consistent with known fraudulent practices. Investigators interviewed numerous individuals purported to be patients (beneficiaries) for whom the pharmacy submitted claims to the Medicare program for expensive respiratory medications used with durable medical equipment (DME). None of the beneficiaries interviewed had received any DME, nor did they know the physicians named as the referring physicians in the claims. Agents also interviewed several physicians whose names and Universal Provider Identification Numbers were used by the pharmacy in order to submit claims to Medicare. None of the physicians had ever prescribed the DME in question, and attested that the beneficiaries for whom they purportedly prescribed the DME were not their patients.

Two financial institutions filed SARs because of transactions involving the pharmacy's accounts that were inconsistent for such a business and notified authorities of the suspicious transactions. Information provided by the financial institutions helped agents obtain and execute a seizure warrant for over \$1.3 million held in two corporate bank accounts titled to the pharmacy.

In a second case, initiated from a financial institution SAR, agents opened an investigation on a medical services "clinic" billing for a variety of anesthetic and back pain medical procedures. The physician listed as the treating doctor for the clinic was interviewed, as well as several beneficiaries. None of the beneficiaries interviewed had received any of the treatments that were billed to Medicare, been treated at the medical services business, or knew the physician listed as the treating doctor in the Medicare claims. The physician stated that he had never performed the procedures for the patients on whose behalf the medical services business submitted claims to Medicare, and attested that all of the claims made under his name were fraudulent.

The federal agency conducting the investigation obtained a warrant at a U.S. District Court for the seizure of funds frozen in the corporate account belonging

to the medical services business. The seizure warrant led to the recovery of over \$500,000.

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