



# TN SMP Fraud Chronicle

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**TN SMP Fraud Hotline**  
**1-866-836-7677**

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# TN SMP Program Update

From July-Sept 2015, TN SMP has received 22 statewide referrals concerning:

- Ambulance Services (1)
- Durable Medical Equipment
- Home Health (1)
- Hospital services
- Other/billing (15)
- Pharmacy
- Prescription Drug Plan
- Insurance Agents (1)
- Medical Identity Theft (1)
- Scams (3)

## SMP Message

### Protect...Detect....Report

- **Protect Yourself from Medicare errors, fraud and abuse**
- **Learn to Detect potential errors, fraud and abuse**
- **If you suspect that you have been a target of errors, fraud or abuse,      REPORT IT!**

**PROTECT**  
**DETECT**  
**REPORT**





### ***'Twas a Night of Fraud Safety***

*'Twas a night of fraud safety, when all I could see; Were bright tips for prevention from our SMP:  
My Medicare card was all snug in its place; Safe at home where it couldn't be seen – "just in case,"  
But my Safe Card was ready; I'd not go without; Peace of mind, with those first numbers safely cut out!  
Though I'd never deface my real Medicare Card, My Safe Card's in plastic – and that wasn't hard:  
I just asked, "My good man; will you laminate, please?" And he sealed up my Safe Card in plastic, with ease!  
So, contented, I gazed 'neath my twinkling tree; And I grinned, knowing what was there waiting for me:  
My brand new MSN! It just came in the mail! (Though "MyMedicare.gov" could have told me the tale),  
But I love to peruse, with a critical eye, Paper billings for errors that I just might spy.  
With my warm fire crack'ling, I poured me some tea, And this statement I grabbed to see what I could see.  
Thus, while visions of healthcare bills danced in my head, All the sudden, one item just filled me with dread:  
Colonoscopy bill? Are you kidding? Oh no! Whose was THAT? Wasn't MINE! Nope, I sure didn't go  
For THAT test: after all, I'd just had one in May! Not my bill! Not my doctor! We're NOT gonna pay;  
Neither Medicare nor I are shelling out dough; For a non-rendered service for which we don't owe!  
Was it error – or fraud? Well, I wasn't quite sure, But I couldn't just sit here, not one minute more,  
So I leapt up and paced and I fretted and stressed; As I thought about what course of action was best.  
Then I heard a great "wooshing", and bells in the air; From the chimney a voice called, "Got problems down there?"  
Somewhat shocked, I called back: "Santa? I've got an issue: This MSN's making me sob in my tissue,  
'Cause I'm being billed for what I never got; Could you come down and help me? I'm really distraught!"  
But he answered, "I'm pretty tied up...but don't stew! Just calm down, and remember what you need to do!  
You just call that provider and tell them the deal, And insist that they fix it...but then, if you feel  
That they're pulling a fast one, you STILL hold the key; To get all this resolved: YOU JUST CALL SMP!  
'Cause you know they're persistent in finding what's true: They can help save your money and Medicare's, too!"  
He continued, "It's my busy night, as you know; And I've more stops to make, so I really must go,  
But you heed what I say; you're empowered, you see, To fight Medicare fraud when you've got SMP!"  
And with that he was off; Santa took to the air; And my pulse started slowing, through his words of care,  
But I suddenly hollered, in frantic pursuit: "Oh, wait, Santa! Come back! You forgot all my loot!"*

***The Tennessee SMP can be reached at -1-866-836-7677***

## Medicare Minute – December 2015 Part B versus Part D drug coverage

Medicare Part B and Medicare Part D cover outpatient drugs differently. It depends on the drug, where you receive it, and whether you are in Original Medicare or have a Medicare Advantage Plan. Understanding how Medicare covers drugs can help you address denials and avoid unnecessary expenses.

### **Point 1: Understand how you get Medicare prescription drug coverage.**

You can get Medicare prescription drug coverage through a Part D stand-alone prescription drug plan or through a Medicare Advantage Plan that includes prescription drug coverage. The Part B benefit also covers certain prescriptions. You have the Part B benefit regardless of whether you have Original Medicare or a Medicare Advantage Plan.

### **Point 2: Understand which part of Medicare covers which outpatient prescription drugs.**

Most outpatient prescription drugs are covered under Part D, as long as they are on your plan's formulary, which is the list of drugs they cover. *Certain* outpatient drugs are covered by Part B, however. For example, Part B should cover your flu shot. Antigen is a type of prescription drug often used to treat allergies and is also covered by Part B, not Part D. The general rule is that Part B covers drugs that usually cannot be self-administered, meaning you need a provider's help to take or inject them. Part B also covers a limited number of prescriptions from the pharmacy (mainly oral anti-cancer drugs).

Some drugs may be covered by either Part B or by Part D, depending on the situation. For example, if you use an insulin pump, you probably get your insulin and pump from a durable medical equipment supplier, and Part B will cover it. If you inject insulin using a needle, Part D will cover it. If you are a hospital outpatient, Part B should cover all medications that relate to the reason for your hospital visit; however, Part D will cover medications that you administer yourself and do not relate to the hospital visit.

Your pharmacist, your provider, or your plan (when applicable) can help you understand your prescription coverage. For objective counseling and assistance, you can also contact your State Health Insurance Assistance Program or SHIP. SHIPs can explain which part of Medicare should cover your drugs, depending upon your circumstances.

### **Point 3: Understand the costs and coverage for your prescription drugs.**

Your costs and coverage depend upon which part of Medicare covers your drug. It also depends upon whether you are in Original Medicare or have Medicare Advantage. If you are in a Medicare Advantage Plan, your coverage and costs will depend upon what plan you have.

If Part D covers your drug, make sure it is included in your plan's formulary and that you use a preferred network pharmacy. Under Part D, you typically pay a set co-payment for your medications, after you meet a deductible. However, these amounts will vary depending on your plan and how much you have spent on prescriptions so far this calendar year.

If Part B covers your drug and you are in Original Medicare, you or your supplemental insurance typically pay a 20 percent coinsurance, after meeting the Part B deductible. If you have a Medicare Advantage Plan, your out-of-pocket cost will vary based upon your plan. Those costs may also be higher than the 20 percent coinsurance under Original Medicare. If you get your medications from a pharmacy, make sure the pharmacy will submit claims for your Part B covered drugs to avoid unnecessary expenses.

If Medicare denies coverage for a drug taken as a hospital outpatient, it may be that you can submit the charges to your Part D plan. Contact your plan to find out what steps to follow. You can also contact your SHIP for help understanding your coverage and addressing denials.

If charges for medicines you didn't receive show up on your Medicare statements, your Medicare number may have been used in a scheme to falsely bill Medicare. If you receive calls offering you a prescription drug discount card and requesting your bank account number, it is a scheme aimed at stealing your money. Contact your Senior Medicare Patrol program or SMP for help.

**Take Action:** Contact your State Health Insurance Assistance Program (SHIP) to discuss your eligibility for an MSP and Extra Help or to determine if a Medigap policy is the right choice for you. Report any suspected fraud to your local Senior Medicare Patrol (SMP).

TN SMP 1-866-836-7677  
TN SHIP 1-877-801-0044

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# Scam Watch

## Beware: Protect yourself from holiday shopping scams

Posted on 11/13/2015 by [Rob Naylor](#) | Communications Director AARP Tennessee |

AARP recently conducted a survey of Tennessee adults ages 18 and older who indicate they intend to shop for gifts and services as part of a holiday celebration during the months of October, November, and December. The survey explored how much they knew about avoiding holiday scams, which behaviors they engage in that might put them at risk and whether they experienced any stressful life events that could make it difficult to resist swindlers in the marketplace.

Data from this survey shows that most Tennessee holiday shoppers failed a short quiz on how to stay safe from holiday scams. In addition, many report engaging in behaviors that put them at risk of falling for various holiday scams.

The survey was divided into 5 areas of vulnerability: **Charitable Giving, Debit Cards, Public Wifi, Shipping Packages and Purchasing Gift Cards.**

**Don't be a victim of a scam during holiday shopping months. Here are 6 tips to consider to help you protect against fraudulent activity when shopping for holiday gifts:**

**Ask and Check:** Before donating to a charity, make sure they are registered with the Secretary of State and ask how much of the money goes to the charitable fundraiser and how much goes to the charitable purpose.

**Surf safely:** Do not use public Wi-Fi to check sensitive financial information, or to make purchases using your credit card.

**Sign off:** Require a signature on all package deliveries. You can also write specific instructions for the delivery company on where to leave your package, and don't forget you can always have your package delivered to you at work (if your company policies permit personal deliveries at work).

**Take credit:** Use a credit card instead of your debit card when making holiday purchases.

**Skip the rack:** Only purchase gift cards from reputable sources. Better yet, get them directly from the store they're from and preferably directly from the store cashier and ask them to scan the card to ensure it has the correct balance.

**Don't stress:** Pay special attention to your health and well-being when making important purchasing decisions. Research shows that people experiencing life stressors such as an illness, loneliness or financial difficulties are less able to spot and avoid scams.

If you hear or become a victim of any scams please, report them to **Tennessee SMP at 1-866-836-7677**

**SCAMS**  
**TARGET YOU**  
 PROTECT YOURSELF



## CMA ALERT

### Office of Inspector General Authorizes Hospitals to Discount or Waive Certain Drug Charges for Patients Classified as "Outpatients"

The Office of the Inspector General (OIG) of the Department of Health and Human Services (HHS) released a statement on October 30, 2015 that advises hospitals that it will not administratively sanction them if they discount or waive charges for an outpatient's self-administered drugs. Thus, hospitals now have the option, and a greater incentive, not to charge outpatients for these drugs. While the OIG's statement is a step in the right direction, more should be done to better guarantee that Medicare beneficiaries are not subject to onerous out-of-pocket charges when they need self-administered drugs unrelated to their outpatient treatment.

#### Background

Many patients who receive care in a hospital are called "outpatients" in Observation Status instead of admitted inpatients.<sup>[1]</sup> This distinction in status is important when a patient needs self-administered prescriptions, which CMS defines as prescriptions "you would normally take on your own" that are separate from the hospital's outpatient treatment.<sup>[2]</sup> Inpatient status, payable under Medicare Part A, covers all care and services received in the hospital, including all prescription drugs; outpatient status, payable under Part B, does not.<sup>[3]</sup>

While Medicare Part B generally covers the medical and nursing care that an Observation Status patient receives in the hospital, Part B covers only those drugs that are required as part of the Part B-covered outpatient service. As a consequence, many Observation Status Medicare patients must pay out-of-pocket for their so-called self-administered prescriptions.<sup>[4]</sup>

In theory, a patient's self-administered drugs may be covered by a Part D prescription drug plan if the following criteria are met: 1) The drug must be a prescription and not an over-the-counter drug, 2) The prescription cannot be received "in an outpatient [setting] or emergency department on a regular basis," and 3) The drug must be either included in the Part D prescription drug plan's formulary or covered as an exception in the plan.<sup>[5]</sup>

A February 2011 CMS directive states, "only hospitals with pharmacies that dispense prescriptions to outpatients and have contracts with Medicare drug plans can dispense such self-administered drugs to patients during their outpatient stay."<sup>[6]</sup> In reality, most hospital pharmacies do not participate in Part D and patients have consequently had to pay the full price out-of-pocket and later submit the claim to Part D for a refund, which, if it happens at all, is generally only partial.<sup>[7]</sup> If Part D does not cover the costs, a Medicare beneficiary can be left with a burdensome drug bill.

Hospitals often bill patients more than the actual cost for self-administered drugs. The Medicare Payment Advisory Commission (MedPAC) estimates that in 2012, hospitals billed patients, on average, approximately \$209 for self-administered drugs, compared to an average actual cost to the hospitals of \$43.<sup>[8]</sup>

Until recently, OIG had warned hospitals that they would be subject to various administrative fines, based on the Federal anti-kickback statute, if they offered discounts on self-administered drugs.<sup>[9]</sup> Consequently, hospitals had a strong incentive not to discount drugs for outpatients and patients were more likely to be left with large prescription drug bills.<sup>[10]</sup>

#### New Guidance Concerning Penalties

On October 30, 2015, OIG announced that hospitals would no longer be subject to OIG administrative sanctions if they discounted or waived an outpatient's self-administered drug charges. OIG states that the move was prompted by evidence of the financial hardships caused by the previous policy.<sup>[11]</sup>

Under the new policy, hospitals have the option of continuing to charge beneficiaries the full amount for self-administered drugs. Should a hospital wish to apply the discounts, it must do so for all patients "uniformly" without regard to a beneficiary's diagnosis or type of treatment. Furthermore, hospitals cannot claim the discounted amounts as bad debts and then shift the costs onto the Medicare program.<sup>[12]</sup>

#### Implications and Recommendations

The OIG directive explicitly forbids hospitals from advertising that they offer a discounted rate for Part-D covered, self-administered drugs.<sup>[13]</sup> Patients must find other means of discovering which hospitals offer discounted rates.

## LOOKING FOR A SPEAKER?

One of the best ways to prevent Medicare fraud and abuse is by educating beneficiaries. The Senior Medicare Patrol's goal is to educate seniors about how to protect themselves, how to identify fraud and abuse, and how to report it. If your group would like to hear more, contact us at 1-866-836-7677

**TN SMP Fraud Line**

**1-866-836-7677**