

Stepping on swindlers' toes

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From pharmacy counters to dentists' chairs to shoe stores, the National Post examines the many areas of health care fraud in Canada. The last in a series.

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The sign outside calls it a medical supplies store, and the business reportedly generates tens of thousands of dollars in health insurance claims for orthotic supports, medical braces and compression stockings. An acupuncturist is even supposed to be working on site.

But the tiny shop tucked into the back of a strip mall in the Toronto suburb of North York looks for all the world like a shoe boutique.

The walls are lined with pumps, winter boots and colourful "Minibels," pricey French children's shoes.

The helpful clerk with a thick Slavic accent is asked if someone could use a doctor's prescription for orthotics to buy a pair of the high heels. "We will see what we can do," the woman says with a slight smile.

In fact, allege insurance investigators, this store and several others like it routinely supply customers with fashion shoes, boots and even purses, while issuing receipts for orthotics, medical stockings and braces used to access hundreds of dollars per person in workplace health insurance payments.

Often, no products are exchanged. The store provides the receipt, then divides the insurance payout with the customer.

According to insurance investigators, such operations are the most visible tip of a broad health care fraud network that is dominated by Canadians of Eastern European descent and encompasses doctors, physiotherapists, chiropractors, massage therapists and other health professionals.

"There is no massage or acupuncture [at a chiropractic office in Thornhill]," said an anonymous tipster who contacted Green Shield Canada.

"The chiropractor is making up visits and billing for them. The receipts are phony and the people split the money with him It is all a big lie to make lots of money.... My friend at work made \$800 by using his whole family. This is wrong."

Green Shield figures that it pays out \$10,000 to \$20,000 a day -- or millions a year -- to medical supply retailers and clinics that form part of the main fraud network in the greater Toronto area. And Green Shield is not among the country's biggest health insurers.

Insurance sources blame such scams for a sudden and dramatic escalation in health claims -- mostly for orthotics, braces and compression stockings -- under a plan for municipal employees in London.

A chiropodist lost his licence two years ago for providing what he passed off as orthotics to people who often did not need them, while also issuing patients more than \$300,000 annually in gift certificates to athletic shoe stores, all covered as a health benefit.

"It's astonishing, absolutely mind-boggling, how much activity these places can generate," says Janice Finlay, a spokeswoman for the Canadian Health Care Anti-fraud Association and Green Shield's head of benefit utilization analysis.

And it is not a victimless crime, she says. Health plan members such as those in London ultimately suffer, as high claims costs can force premium increases or result in restrictions on the extent of benefits.

"It is an issue that all of the insurance carriers have to deal with," said Heather Foster of New Brunswick-based Medavie Blue Cross. "It's not something we're going to ignore."

But with participants in the frauds almost never willing to go on record about what is happening, the companies tend to be left only with anonymous tips, strong circumstantial evidence and suspicions, making it difficult to even deny claims, let alone convince police to prosecute.

The scenarios usually begin with a doctor issuing a prescription for a service such as a massage or a medical device such as orthotics. The forms are sometimes handed out innocently, but investigators believe there is also a network of physicians in Southern Ontario who knowingly pass out bogus prescriptions for a cut of the action.

"Some doctors will have the same diagnosis for maybe thousands of patients coming out of this clinic," says one insurance company investigator, who asked not to be named.

"Everybody has bunions, everybody has varicose veins. It's identical. They just change the names and the dates."

Armed with the prescription -- a necessity for making a health-plan claim -- the patient visits a health professional or retailer and obtains a receipt for the designated service or services, then makes a claim for benefits.

The money is sometimes split among the participants in the scam, said Ms. Finlay, citing a classified ad that a rehab clinic placed in a Russian-language newspaper last year. "Employee benefits for sale," it promised.

If employees are allowed up to \$500 per family member for massages, for instance, they can claim the maximum for their spouse and three children, pay the massage therapist \$500 for the receipt and "make a clean net profit of \$2,000," Ms. Finlay said.

Insurers routinely see claims from employees who purport to have obtained a dizzying array of medical devices.

"We have bionic people walking around out there who have orthotics, bilateral ankle bracing, bilateral knee, elbow, shoulder bracing, back bracing," she said. "If you wore all this stuff at once, you would not be able to move."

Sometimes patients actually do receive inexpensive items passing for medical products, as well as regular shoes or other items billed as some kind of free bonus. The store gives a receipt for the maximum benefit allowed and pockets the difference, Ms. Finlay said.

City officials in London were alarmed when claims under their outside workers' health plan jumped to more than \$462,000 in 2002-03 from about \$32,000 in each of the previous two years.

In November of 2002, a medical supplies company had mailed flyers to employees advising them that their newly enhanced health plan covered orthotics, braces and support stockings. In addition to the medical products, the store said it would provide everyone a free selection from "an extensive line of comfort, athletic and fashion shoes or boots," adding that "there are no out-of-pocket expenses for you."

Tom Gosnell, London's deputy mayor, said he does not know if any laws were broken, but said the city fought hard with the union to have both the dollar value and frequency of the benefits reduced significantly after the sudden spike.

"The bottom line was that there were some sharp guys, individuals, who saw that there was a weakness in the system and they certainly took advantage of it," Mr. Gosnell said. "And we closed the door on it."

Bahir Vivekanand, a Toronto-area chiropractor, offered more than just orthotics to his patients, too. Many received \$150 gift certificates to local sporting goods stores, all covered by the health insurance payments they received after getting a receipt from Mr. Vivekanand, according to a disciplinary decision.

In one year, he purchased more than \$323,000 in gift certificates to hand out.

As for the patients, many had no actual symptoms that would require orthotic supports or were "prescribed" Birkenstock sandals, though the receipt indicated they had received custom-made orthotics, the College of Chiropractors' discipline decision said.

Mr. Vivekanand was stripped of his licence.

Ms. Finlay said she was contacted recently by a woman who visited a medical supplies retailer at the suggestion of a friend at the nursing home where she worked, and used a \$1,600 health benefit claim to obtain new street shoes.

Then she was diagnosed with legitimate foot problems that really did require orthotic supports, discovered her benefits had been tapped out and contacted the insurance company in anger.

Green Shield is trying to convince the woman to spill the beans about everything she knows, which would be a rare break in the Eastern European health fraud wall.

It is normally almost impossible to deny claims, or gather enough evidence to get police involved, even when fraud is suspected.

If the employee says they received the service or product, and a licensed professional says he or she provided it, there is not much the insurer can do, Ms. Finlay said.

"I tell you," she said, "they have the upper hand."

RESULTS

Should doctors convicted of fraud lose their licence for life?

- a) Yes -- 53%
- b) No -- 9%
- c) Only for a limited time -- 38%

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