

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

**Preventing and Detecting
Grant Fraud
June 12, 2024**



**Presented by HHS-OIG:
Geeta Taylor, Senior Counsel
Jonelle Soeffing, Operations Officer**



Agenda

- Introduction to HHS-OIG
- Fraud, Waste, and Abuse Awareness
- Detecting and Reporting Fraud
- Questions



Speakers

- Office of Investigations
 - Operations Officer
 - Jonelle Soeffing

- Office of Council to the Inspector General
 - Senior Counsel
 - Geeta Taylor



HHS-OIG

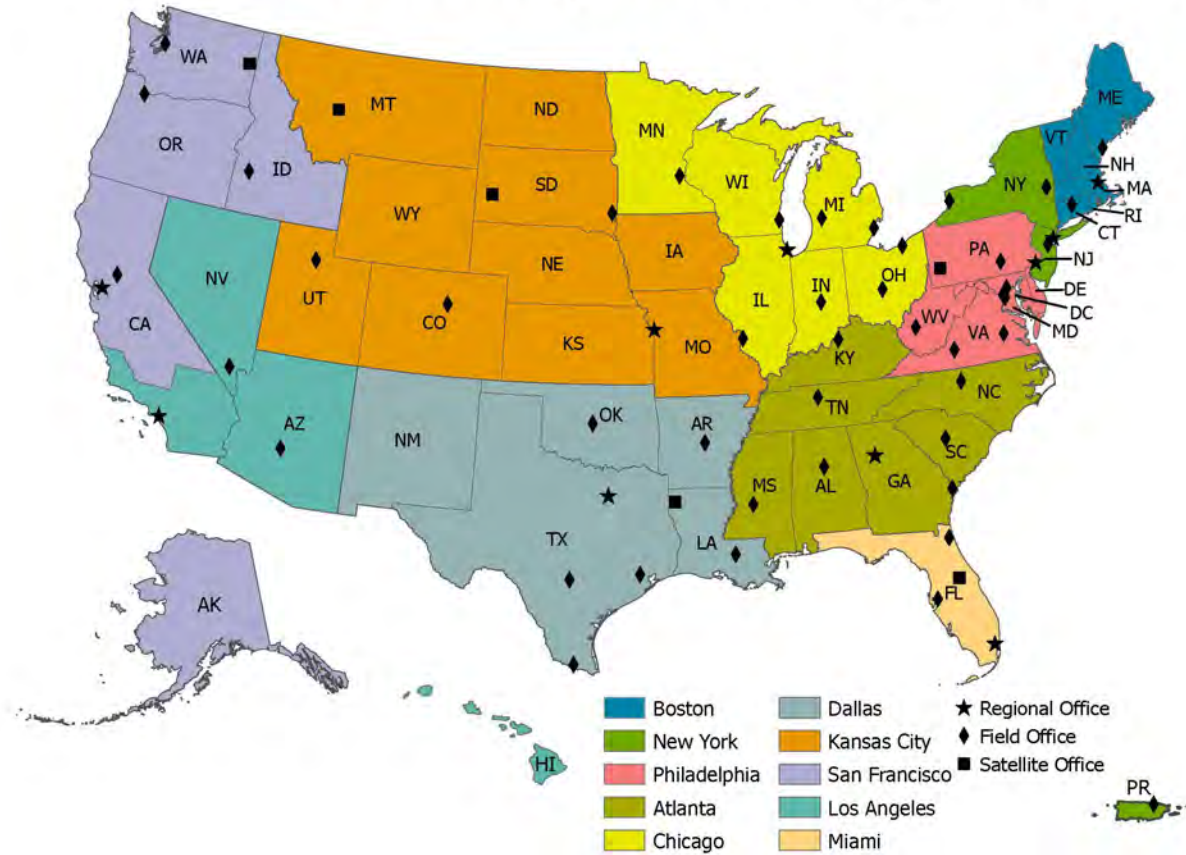
OIG's mission is to provide objective oversight to promote the economy, efficiency, effectiveness, and integrity of HHS programs, as well as the health and welfare of the people they serve.

- Largest Inspector General office in the Federal Government
- 1,600 employee (Over 500 special agents)
- Auditors, evaluators, investigators, lawyers
- Oversee programs that are a significant part of the Federal budget



OIG Regions

Office of Investigations Regional Map





HHS-OIG Goals

Our Goals

- Protect HHS programs from FWA
- Protect program beneficiaries served by programs such as Medicare , Medicaid, and HHS Agencies-- and those served by HRSA
- Make recommendations to help make HHS programs more efficient and effective
- Identify opportunities and provide recommendations to improve the quality of care and services



HHS-OIG Areas of Oversight



Areas of Oversight – Fiscal Year 2023

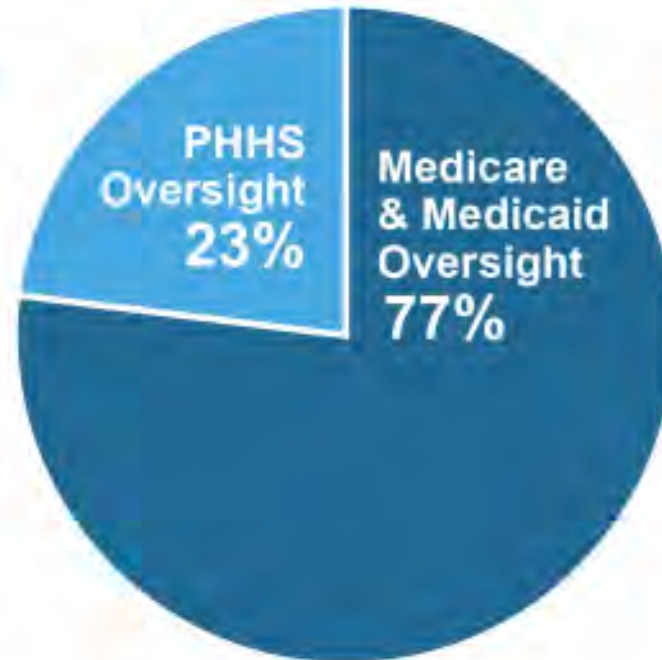
PHHS Oversight Includes

Public Health, Science, and Regulatory Agencies (CDC, NIH, FDA, HRSA, SAMHSA, AHRQ)

Human Services Agencies (ACF, ACL)

IHS

Health Insurance Marketplaces



Medicare & Medicaid Oversight Includes

Medicare Parts A, B, & C

Prescription Drugs (Part D)

Medicaid

Last Updated March 2024



OI in FY 2023

707 criminal actions

746 civil actions

\$3.44 billion in recoveries

- \$3.16 billion in investigative recoveries

2,112 exclusions

- Includes Medicare, Medicaid and all FHCP

Expected Recoveries of
\$3.44 BILLION



Criminal Actions Against
707 Individuals or
Entities that Engaged in
Crimes Against HHS
Programs



Exclusions of
2,112 Individuals &
Entities from Federal
Health Care Programs



Civil Actions Against
746 Individuals or
Entities





Sources of Cases

- Hotlines
- Qui-tams
- Referrals from awarding agencies (NIH, HRSA, CDC, etc.)
- Whistleblower complaints
 - Covers employees of Federal grantees and contractors
- Self-Disclosures
 - Mandatory disclosure in grants: 45 C.F.R. § 75.113
 - Violations of Federal criminal law that involve fraud, bribery, or gratuity violations





Areas of Investigation

- 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





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



Examples --

- Acting intentionally or deliberately to deprive another of property or money by deception or other unfair means.
- Acting with deliberate ignorance or reckless disregard.



Waste



Practices that, directly or indirectly, result in unnecessary costs, such as overusing services and misusing resources.



Abuse



Intentional or unintentional, thoughtless or careless expenditure, consumption, mismanagement of government resources; Excessive or improper use of government resources, including position and authority.



Fraud Indicators

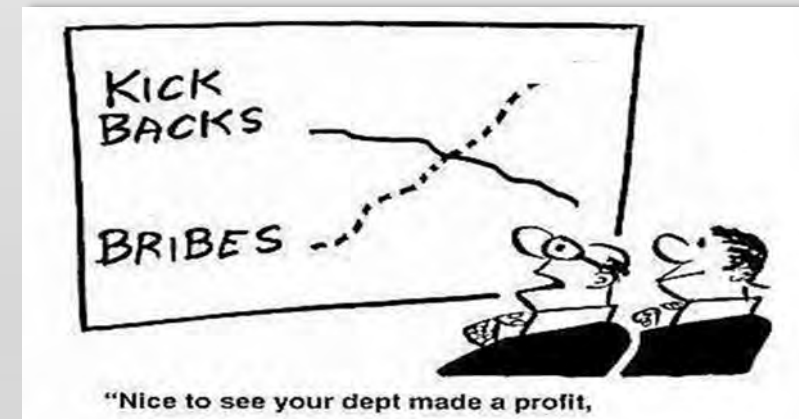
- One person in control
- No separation of duties
- Lack of internal controls
- No prior audits or repeated late audits
- High turnover of personnel
- Conflict of Interest





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 non-grant purposes





Fraud Schemes

XYZ, Inc.
123 Anywhere St.
Olympia, WA 98501
000.000.0000 Fax 000.000.0000

INVOICE

INVOICE NO: 2
DATE: August 2002

To: Mr. and Mrs. Jones Billing Period: July 2001

ACTIVITY	DESCRIPTION	AMOUNT
Misc.	Building permit	\$200.00
	Architectural services	500.00
	Dozer rental	1,000.00
	Paid dozer rental tax	80.00
	SUBTOTAL	\$1,780.00
	Profit & overhead	178.00
	TOTAL SUBJECT TO TAX	\$1,958.00
	SALES TAX @ .08	156.64
	TOTAL DUE	\$2,114.64

Make all checks payable to: XYZ, Inc.
THANK YOU FOR YOUR BUSINESS!

- Submitting invoices for non-grant expenses
- Diverting funds to bogus/related companies
- Inflating labor costs/hours/enrollees
- Hiring or charging for ghost employees, contractors or consultants



Examples of Fraud

Below are a few examples of fraud found in grant and contract programs:

- Theft and embezzlement by grant administrators or program directors;
- Bribery of grantee officials and contractors;
- Falsifying information in grant applications, contract proposals, and other documents including invoices;
- Influencing Government employees to award a grant or contract to a particular company, family member, or friend;
- Inflating salaries for staff, family, or friends;
- Billing for work never performed;
- Using grant funds for personal travel and other personal items;
- Falsifying or not verifying the eligibility of a beneficiary;
- Kickbacks

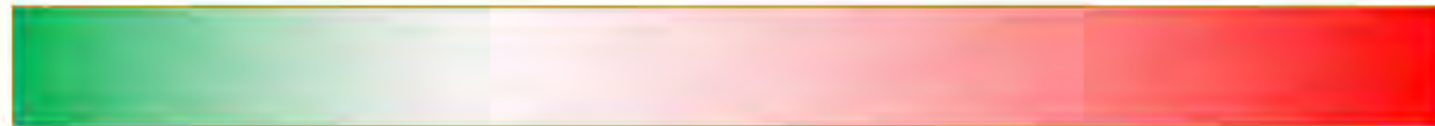


Fraud Awareness

- Awareness of fraud is important to safeguard Federal funds.
- Fraudsters utilize funds otherwise given to legitimate awardees.
- Compliance with Federal Regulations, establishment of internal controls, and other compliance measures may reduce your risk.
- Disclosure and communication with HHS Grants Officials is key.



Fraud Scale



Appropriate
Operations

Mistakes

Gross
Negligence

Fraud

Fraud Scale



Fraud Consequences

Criminal Prosecution:

Criminal Penalties – Prison, Fines, Restitution; Intentional act.

18 USC 641 Criminal Embezzlement and Theft of Public Money

- Knowingly converting funds or items to your use without the authority to do so.

18 USC 1001 False Statements

- Grant application signature/certifications, and in quarterly financial statements made when drawing down funds

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Fraud Consequences

Civil Prosecution:

*Triple damages plus penalties between \$5,500 to \$11,000 per offense;
Preponderance of Evidence; Actual knowledge, reckless disregard or deliberate
ignorance.*

31 USC 3729 False Claims

- Knowingly present, or cause to be presented, a false or fraudulent claim or payment or approval.

Administrative Actions:

- Civil Monetary Penalties
- Exclusion
- Suspension and Debarment



Fraud Prevention

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



Fraud Prevention

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



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





OIG Compliance Training

Compliance Training

Improving Health and Well-Being in American Indian and Alaska Native Communities Through Compliance

Published 05-17-2022

OIG offers the online training series *Improving Health and Well-Being in American Indian and Alaska Native Communities Through Compliance*. This series includes web-based trainings, job aids, and videos for grantees and health care providers who serve AI/AN communities to learn more about compliance; fraud, waste, and abuse; and health care quality.

[Learn why and how OIG created this training series.](#)

These trainings are free and provide information and tools that you, at the option of your organization and based on its needs, can apply to help ensure your organization provides quality services to your community and complies with applicable statutes, regulations, and program requirements. Users will be able to download a certification of completion for each training completed.

Trainings by Subject

Compliance Basics

Fraud, Waste, & Abuse

Compliance Tools

Quality of Care

Trainings by Tract

For Grantees

For Health Care Providers

Whistleblower Training

HHS-OIG Whistleblower Training Video for NIH Grants and Contracts ...

HHS-OIG Whistleblower Training Video for NIH Grants and Contracts

Watch on YouTube



Where can I look for Guidance?

oig.hhs.gov



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

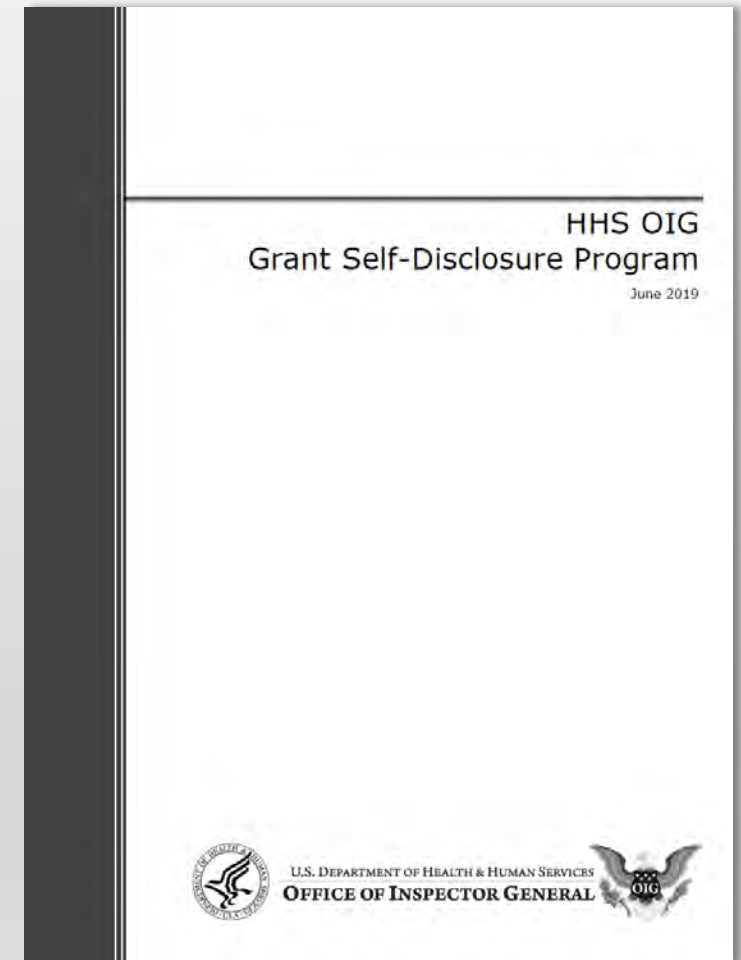
- **Voluntary disclosures**

- Conduct that violates CMPL or impacts award, but does not trigger the requirements of 45 C.F.R. § 75.113



Self-Disclosure

- 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





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



Report Fraud, Waste, & Abuse



HHS OIG Hotline

<http://www.oig.hhs.gov>

1-800-HHS-TIP

(1 800 447 8477)

- A hotline complaint is an *allegation*.
- Hotline complains are treated with privacy and discretion.
- OI conducts independent investigations and hotline complaints can provide helpful information



Filing a Complaint

- Details, Details, Details
- Complete and accurate information
- If applicable, an impact statement
- Supporting documentation or witnesses
- Timely reporting
- Proper points of contact





Thank You

Questions?