



Group insurance fraud and abuse

CONSEQUENCES AND SOLUTIONS



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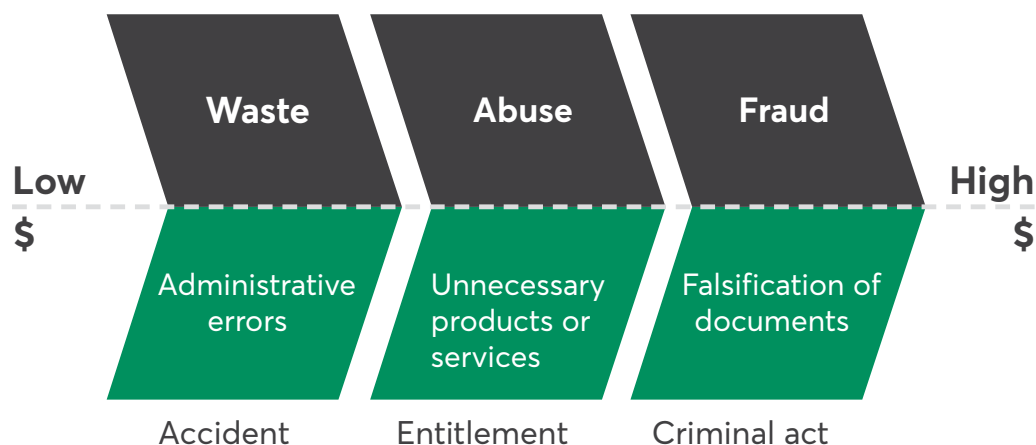
\$3 billion
That's what
healthcare fraud
and abuse
cost insurers
every year*

Financial losses caused by fraud and abuse raise group insurance plan costs

That's why it's in everyone's best interests to fight these harmful practices together.

FRAUD, ABUSE AND WASTE: WHAT'S THE DIFFERENCE?

- **Waste** is normally unintentional—often the result of an administrative error or missing documentation. It isn't illegal or unethical, but it is time consuming and it makes the claims process much longer.
Example: A plan member submits a claim for orthotics but the dates on the invoice show that they were made after the plan member got them.
- **Abuse** is more difficult to identify and often stems from a sense of entitlement rather than criminal intent. It's usually not illegal but it is highly unethical.
Example: A plan member submits a claim for six pairs of compression stockings every year just because their group insurance plan covers them—not because they really need them.
- **Fraud** is deliberate deception for financial gain at the expense of a group insurance plan. It is illegal.
Example: A plan member knowingly falsifies a claim, or a healthcare provider lies about services or products provided.





Fraud is a criminal act — Real case studies

There are three types of healthcare fraud. Here are real life examples of each type:

FRAUD COMMITTED BY A HEALTHCARE PROVIDER

While conducting an audit, we discovered that a plan member had submitted claims for drugs prescribed by several different doctors. We contacted each doctor, and they all confirmed that they had not prescribed the drugs for the plan member. The plan member, who was a practicing pharmacist, had been submitting false electronic claims using the doctors' identification numbers.

FRAUD COMMITTED BY THE PLAN MEMBER

During a random audit of an online claim, we asked a plan member to send us the receipt for fees she had claimed. Instead of sending us the receipt, she sent us a cheque for the amount she had been reimbursed. Upon further investigation, we found that she had submitted a similar online claim for her son. We contacted the healthcare professional, who confirmed that they had not provided the service to either of them.

FRAUD COMMITTED BY THE HEALTHCARE PROVIDER AND PLAN MEMBER

Our team received an anonymous tip that a clinic was working with several plan members to defraud their group insurance plan. The healthcare provider encouraged plan members to choose items from a selection of new clothes, shoes and designer bags. The healthcare provider then issued receipts for products that were covered by the plan members' plan but never provided. When the plan members got their reimbursements, they went back to the clinic and used the money to pay for the items the clinic had set aside for them.

What we're doing to protect your group insurance plan

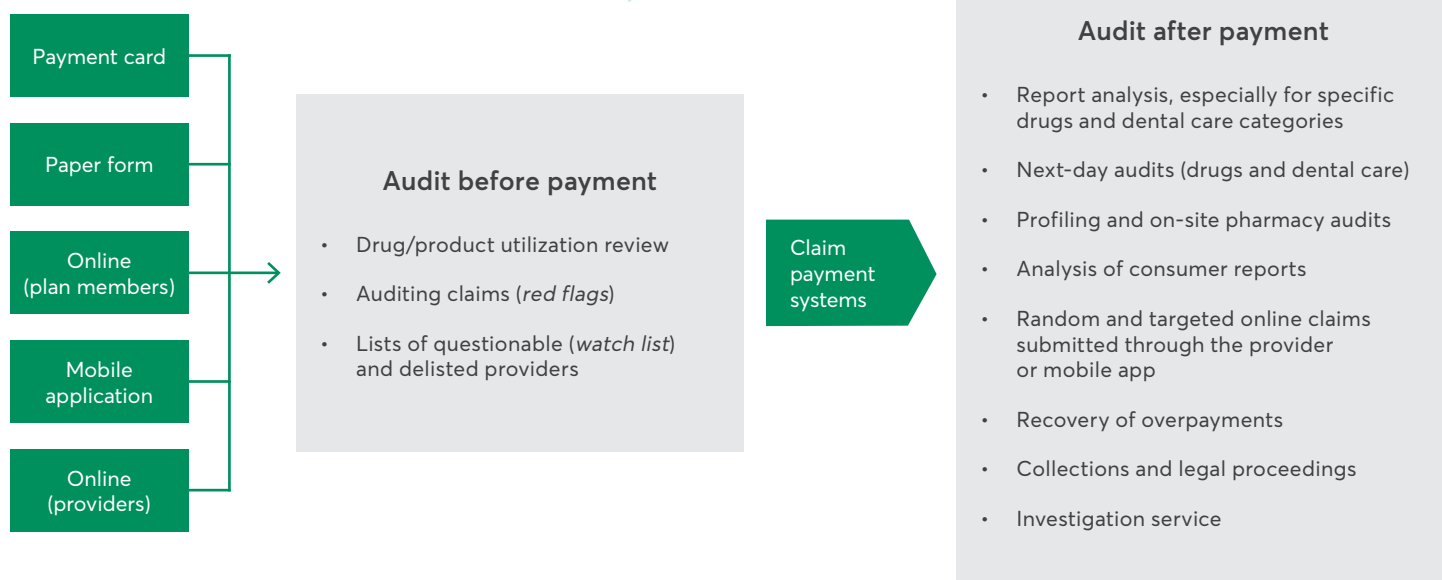
We're committed to fighting fraud and abuse. We carefully assess each claim before issuing a reimbursement. We then follow up to look for suspicious trends and behaviours. We make sure that:

- Your group insurance plan only pays for services and products actually provided
- The healthcare provider who provided them is authorized to do so
- The plan member is eligible for the coverage
- The price paid was reasonable
- The products or services were medically necessary

Our team monitors all claims for **red flags** and randomly audits online claims. A **red flag** is a sign that there might be a problem. Here are some examples:

- An invoice with a modified date
- All family members claiming the same products or services
- A history of frequent or high-value claims
- Many plan members in one group using the same healthcare provider or trends
- A plan member consulting multiple healthcare providers or buying drugs at numerous pharmacies
- Vague answers to questions from plan members and/or healthcare providers

OUR PROCESS FOR PREVENTING AND DETECTING FRAUD AND ABUSE



What you can do to help

Combatting fraud and abuse is a team effort and you play a key role. While we're closely monitoring claims, you can encourage plan members to be more vigilant. Here are some ideas.

ADAPT YOUR GROUP INSURANCE PLAN

You can incorporate no-cost features into your group insurance plan to reduce the likelihood of fraud and abuse:

Health Spending Account (HSA)

Plan members can use the amount allocated to them as they see fit. Flexibility for them; cost containment for you.

Deductibles and co-payments

Plan members share the costs, encouraging them to control their spending.

Active pharmacy*

Controls expenses by encouraging the use of equally effective, lower-cost drugs.

RAISE AWARENESS AND ENCOURAGE PLAN MEMBERS TO WORK TOGETHER

Most people know that fraud is illegal. But not everyone knows that healthcare providers can commit fraud—or how they do it. And there are different opinions about abuse. Many plan members don't understand the financial consequences of claiming all their yearly allotted benefits for non-medically necessary services or products.

That's why it's important to raise awareness about fraud and abuse. If plan members know about the negative effects, they'll be more likely to help.

Create an anti-fraud/abuse culture and let plan members know how they can help protect their group insurance plan. Remind them that they have to:

- Protect their personal information (e.g., plan booklet and certificate number)
- Only submit claims AFTER they've received and paid for the service or product
- Check their bills and group insurance statements to make sure they're accurate
- Make sure they understand what their group insurance plan covers and what it does not
- Learn more about recommended services and products, and make sure they're medically necessary
- Report fraud

For more information, plan members can visit desjardinslifeinsurance.com/fraud

* Not available in Quebec



Two ways to report fraud anonymously

- Write to anti-fraud@dfs.ca
- Call us toll-free at 1-866-692-7227

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Choose Desjardins Group, the leading cooperative financial group in Canada and one of the country's best capitalized financial institutions. Desjardins Group enjoys excellent credit ratings comparable to those of several major Canadian and international banks and is recognized as one of the most solid financial institutions in the world.

Choose an organization that encourages its members and clients to make healthy lifestyle choices for good physical, mental and financial health.

Desjardins Group promotes these values through partnerships with groups such as the Heart & Stroke Foundation and the Canadian Cancer Society.

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