

Medicare Unveils \$30 Million Phantom Ambulance Rides: A federal audit released earlier this month revealed the pervasive problem with payments for patient transport. Primarily, the audit found numerous Medicare ambulance rides for which no records existed that the patients received any medical care at the hospital or facility where the patient was transported to. The Department of Health and Human Services' ("HHS") Office of Inspector General ("OIG") noted that some urban ambulance companies also received reimbursements for inflating mileage counts, finding that ambulance trips averaged more than 100 miles despite the fact that the national average for inner-city ambulance runs is about 10 miles. The audit suggests that 1 in 5 ambulance companies nationwide are committing some sort of fraud. HHS further estimates that about half of these ambulance rides occurred in 4 major metropolitan areas: Houston, Los Angeles, New York and Philadelphia. The problem is so pervasive in Houston and Philadelphia that Medicare even blocked any new ambulance services from joining its programs until it gets to the bottom of these phantom trips. The report notes that Medicare payments for ambulance transports have increased in recent years, and investigators have uncovered a variety of fraud schemes involving ambulance suppliers. Although the audit was conducted during the first six (6) months of 2012, the OIG's office believes the problem has become worse, not better. Medicare insists that it has taken proactive steps in response to the report; investigators believe there are still considerable amounts of fraud being committed in the industry.

Latest Studies Reveal Decrease in Opioid Abuse, Increase in Deaths: A recent study conducted by the National Survey of Drug Use and Health administered by HHS' Substance Abuse and Mental Health Services Administration compared data from 2003 through 2013. Researchers found that the percentage of prescription opioids used non-medically declined slightly, while frequent use increased from 14.2% of users to 19.3%. The researchers reported that opioid-overdose deaths climbed from 4.5 deaths per 100,000 to 7.8 during the period studied. They also noted that the opioid crisis has occurred during a simultaneous increase in heroin use and heroin-overdose deaths. The study also noted that, in 2013, more than 75% of the individuals with opioid addiction did not receive treatment. This was confirmed in the other study conducted by researchers at Johns Hopkins University in Baltimore. They found that about 16.6% of individuals with opioid-use disorders sought treatment from 2004 to 2008, compared to 21.5% for the next four years. While this may suggest an increase, after the results are adjusted for demographic factors, the difference between the two numbers shrinks to an insignificant level. The American Academy of Orthopaedic Surgeons ("AAOS") released a statement making several recommendations, including using standardized opioid protocols, learning patient risk factors for addiction (such as depression), and adopting a culture change that shifts the focus of pain management away from opioid prescriptions.

State Orders Orderly Wind Down of Health Republic Insurance of New York Cooperative: The New York State Department of Financial Services announced on September 25, 2015 that it has directed Health Republic Insurance of New York Cooperative to cease writing new insurance policies and that the consumer operated and oriented health insurance issuer ("CO-OP") will commence an orderly wind down after the expiration of its existing policies. Existing individual Health Republic policies will remain in effect through the end of their policy term on December 31, 2015. The NYSDFS announcement stated that due to the likelihood of Health Republic of New York Insurance becoming financially insolvent, NYSDFS, the NY Marketplace and the Centers for Medicare and Medicaid Services (CMS) agreed that it was in the best interests of policyholders and the overall health of the NY Marketplace to wind down operations of Health Republic of New York at the end of 2015 and allow consumers to transition to a new plan during the Open Enrollment period beginning on November 1. In July 2015, the Office of the Inspector General of the Department of Health and Human Services (OIG) issued a report that found that 21 of 23 of CO-OPs that were reviewed by the OIG had not met their initial enrollment and profitability projections as of December 31, 2014. The OIG report found that membership enrollment in 13 of the 23 CO-OPs that provided health insurance in 2014 was considerably lower than the CO-OPs' initial annual projections, and 21 of 23 CO-OPs have incurred net losses as of December 31, 2014.

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