Medicare Fraud Busters Unveil Command Center

Kelli Kennedy & Ricardo Alonso-Zaldivar, Associated Press

BALTIMORE (AP) — Medicare's war on fraud is going high-tech with the opening of a $3.6 million command center that features a giant screen and the latest computer and communications gear. That's raising expectations, as well as some misgivings.

The carpeting stills smells new at the facility, which went live a week ago in a nondescript commercial office park on Baltimore's outskirts. A couple dozen computer workstations are arrayed in concentric semicircles in front of a giant screen that can display data and photos, and also enable face-to-face communication with investigators around the country.

Medicare fraud is estimated to cost more than $60 billion annually, and for years the government has been losing a game of "pay and chase," trying to recoup losses after scam artists have already cashed in.

Fraud czar Peter Budetti told reporters on a tour this week that the command center could be a turning point. It brings together in real time the geeks running Medicare's new computerized fraud detection system with gumshoes deployed around the country. Imagine a kind of NCIS-Medicare, except Budetti says it's not make-believe.

"This is not an ivory-tower exercise," Budetti said. "It is very much a real-world one."

But two Republican senators say they already smell boondoggle.

Utah's Orrin Hatch and Oklahoma's Tom Coburn say Medicare's new computerized fraud detection system, a $77-million investment that went into operation last year, is not working all that well. In a letter to HHS Secretary Kathleen Sebelius, they questioned spending millions more on a command center, at least until the bugs get worked out.

"Institutionalizing relationships through establishing a (command) center may be useful, but if huge sums of money have indeed been spent on a video screen while other common-sense recommendations may have not been implemented due to 'resource concerns,' this seems to be a case of misplaced priorities," wrote Hatch and Coburn. Insiders are telling them the screen alone cost several hundred thousand dollars, the senators say.

The two Republicans may have more than congressional oversight in mind. In an election year, Medicare fraud is an issue with older voters because it speaks to the Obama administration's stewardship of the program.

Responded Budetti: "Our expectation is that this center will pay for itself many times over."

Conducting what amounted to her first formal inspection on Tuesday, HHS Secretary Sebelius set the bar high for the command center, nothing less than the end of "pay and chase."

"Preventing fraud and abuse is what this effort is about," she said.

The government's new antifraud computer system aims to adapt tools used by credit card companies to stop theft from Medicare and Medicaid. It was launched with great fanfare last summer. But by Christmas, it had stopped just one suspicious payment from going out, for $7,591. Administration officials say that shouldn't be the only yardstick, and the system has made other valuable contributions.

Sebelius spoke with three groups of staffers during her visit Tuesday. One group was responsible for developing computer models to query billing data for suspicious patterns; another in charge of investigating data generated by the computer models, looking for mistakes as well as real fraud; and a third handling coordination with law enforcement around the country. The staffers said they expect the coordination to cut the time it takes to investigate suspected fraud schemes from months to days and weeks.

Hatch's office says development of the computer models has lagged. Command center staffers told Sebelius the first-year goal is to have 40 such computerized anti-fraud queries to sift through millions of incoming claims.

The administration must report to Congress on the antifraud computer system later this year, an assessment that will first be independently reviewed by the Health and

Human Services inspector general's office.

Hatch and Coburn say they have repeatedly pushed the administration for details and "the responses have been polite, but vague."

Medicare scams have grown into sophisticated networks where crooks file millions of dollars in bogus claims and take off with the money. Sometimes they even manage to flee abroad to countries where the feds can't touch them.

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