



5x5 series: Insights and actions

A five-minute read on mitigating fraud, waste, and abuse (FWA) in health care



It's no secret that health care is expensive. In 2018, US health care expenditures topped \$3.6 trillion (or 17.7% of the Gross Domestic Product).¹ And by 2027, US national health spending is projected to reach nearly \$6 trillion.² It may come as a surprise that one study found that fraud, waste, and abuse (FWA) account for about 25% of the total cost of health care.³ With the overwhelming disruption brought about by COVID-19, things need to change. Ongoing, evolving waves of digital transformation are underway, empowering health plans and providers to root out FWA. This quick summary provides insights and actions plans providers can take today towards that goal.

5 things you should know

While most organizations have robust security systems in place for certain things (e.g., building access, cyber threats, IT identity and access management), addressing potential FWA has been largely a reactive ad-hoc or narrow exercise.

Bringing in data scientists, behavioral scientists, open source intelligence and other specialists in health care FWA can provide different perspectives and analytic capabilities.

The sheer size and regulatory complexity of both government-sponsored programs and commercial health plans in the US make them especially vulnerable to leakage due to FWA.

Despite decades of health care payment reform, it's still a largely "pay and chase" system where health care claims get paid quickly while improper payments can go undetected or take payers months or years to recoup.

An advanced FWA program should incorporate modern, scalable technologies that enable advanced analytic techniques while automating and streamlining traditional FWA investigative processes.

5 actions you can take

1

Build proactive FWA detection capabilities. Assess your current FWA reduction efforts and identify areas for improvement or enhancement starting with your governance structure, resources and technology. Next, take steps to modernize your thinking about ways to mitigate FWA and build more proactive high tech capabilities to attack it.

2

Make informed decisions to target FWA issues and opportunities. Develop efficient pathways to separate out "false positives" from real issues as proactive FWA detection capabilities are implemented.

3

Get to the root cause and cost. Enhance FWA investigation capabilities to better understand the root cause and potential cost implications of FWA through use of technology (e.g., big data, analytics and open source intelligence.)

4

Remediate FWA effectively. Remediate identified FWA effectively through policy and process design changes.

5

A strive for continuous improvement. Help prevent FWA recurrence by making continuous improvements to detection and remediation capabilities.

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¹ <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsHistorical>

² <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/ForecastSummary.pdf>

³ <https://mms.businesswire.com/media/20191007005615/en/748221/5/HHR.jpg?download=1>

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