

OIG Special Fraud Alert

Arrangements with purported telemedicine companies

On July 20, 2022, the Office of the Inspector General (OIG) issued "Special Fraud Alert: OIG Alerts Practitioners to Exercise Caution When Entering into Arrangements with Purported Telemedicine Companies."

The full text of the alert can be found at this link:

<https://oig.hhs.gov/documents/root/1045/sfa-telefraud.pdf>

Summary

The OIG is sharing fraud schemes they have identified with Telemedicine Companies that generate orders or prescriptions for medically unnecessary durable medical equipment, genetic testing, wound care items, or prescription medications, resulting in submissions of fraudulent claims to Medicare, Medicaid, and other Federal health care programs.

One of the common elements that the OIG identified in the schemes is the way Telemedicine companies used kickbacks to aggressively recruit and reward practitioners. Telemedicine Companies are paying Practitioners in exchange for ordering or prescribing items or services: (1) for purported patients with whom the Practitioners have limited, if any, interaction; and (2) without regard to medical necessity. Such payments are sometimes described as payments per review, audit, consult, or assessment of medical charts.

The schemes raise fraud concerns due to the potential for considerable harm to Federal health care programs and beneficiaries, which may include:

- (1) an inappropriate increase in costs to Federal health care programs for medically unnecessary items and services and, in some instances, items and services a beneficiary never receives;
- (2) potential to harm beneficiaries by, for example, providing medically unnecessary care, items that could harm a patient, or improperly delaying needed care; and
- (3) corruption of medical decision-making.

The OIG encourages Practitioners to exercise caution and use heightened scrutiny when entering into arrangements with Telemedicine Companies that have one or more of the suspect characteristics described below.

- The purported patients for whom the Practitioner orders or prescribes items or services were identified or recruited by the Telemedicine Company, telemarketing company, sales agent,

recruiter, call center, health fair, and/or through internet, television, or social media advertising for free or low out-of-pocket cost items or services.

- The Practitioner does not have sufficient contact with or information from the purported patient to meaningfully assess the medical necessity of the items or services ordered or prescribed.
- The Telemedicine Company compensates the Practitioner based on the volume of items or services ordered or prescribed, which may be characterized to the Practitioner as compensation based on the number of purported medical records that the Practitioner reviewed.
- The Telemedicine Company only furnishes items and services to Federal health care program beneficiaries and does not accept insurance from any other payor.
- The Telemedicine Company claims to only furnish items and services to individuals who are not Federal health care program beneficiaries but may in fact bill Federal health care programs.
- The Telemedicine Company only furnishes one product or a single class of products (e.g., durable medical equipment, genetic testing, diabetic supplies, or various prescription creams), potentially restricting a Practitioner's treating options to a predetermined course of treatment.
- The Telemedicine Company does not expect Practitioners (or another Practitioner) to follow up with purported patients nor does it provide Practitioners with the information required to follow up with purported patients (e.g., the Telemedicine Company does not require Practitioners to discuss genetic testing results with each purported patient).

This Special Fraud Alert is not intended to discourage legitimate telehealth arrangements.

For more information on telehealth-related issues, please visit the [OIG website](#), which includes additional materials relating to the provision of telehealth. If you have information about Practitioners, Telemedicine Companies, or other individuals or entities engaging in any of the activities described above, please contact the OIG Hotline at <https://oig.hhs.gov/fraud/reportfraud> or by phone at 1-800-447-8477 (1-800-HHS-TIPS).