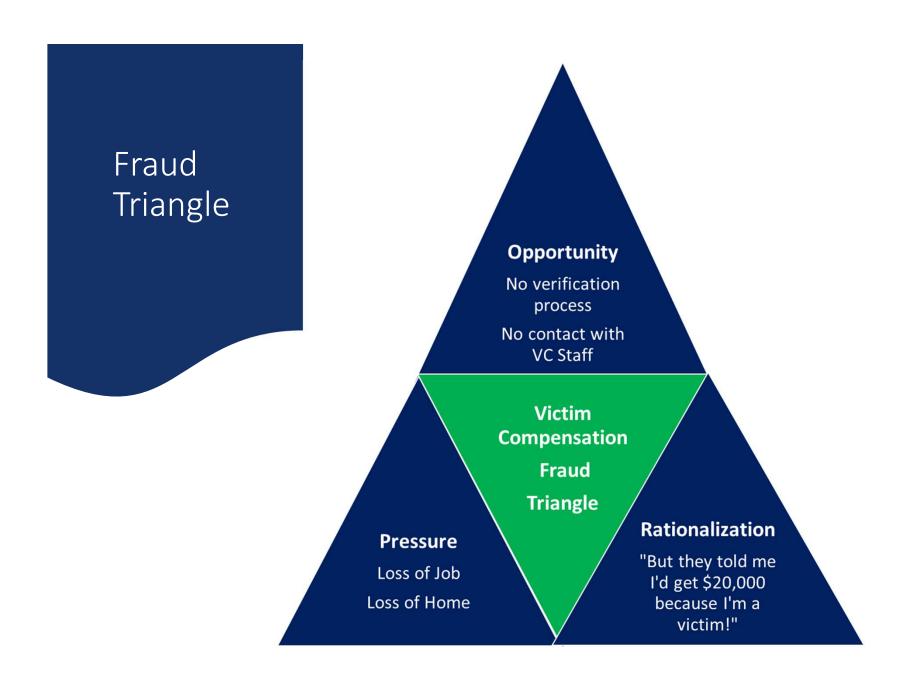


OVC Center for VOCA Administrators

Detecting & Preventing
Fraud In
Crime Victim
Compensation
Programs
July 2021



"Fraud." Merriam-Webster.com Dictionary, Merriam-Webster, https://www.merriam-webster.com/dictionary/fraud. Accessed 8 Jul. 2021.



[&]quot;Fraud Triangle." Opportunity, Pressure and Rationalization adapted from, https://www.anchin.com/news/anchin-in-the-news-understand-the-fraud-triangle-to-help-combat-occupational-fraud. David M. Beckman, CPA. Accessed 8 Jul. 2021.

Questions for the Organization

Does the program have a fraud detection policy or procedure?

If so, has the procedure been communicated to members of the victim compensation team?

Is there a process flow staff can follow when fraud is suspected?

Has a fraud detection checklist been developed detailing the steps the program will take when fraud has been detected?

Examples of Fraud Indicators on Source Documents

- The person filing the claim is not the victim or an authorized claimant
- The application is incomplete
- Unexplainable delays in producing requested documentation



Fraud Indicators (continued) The signature of the claimant looks suspiciously like the signature on the employer or physician verification form

There are misspelled words on the typed medical or employer verification form, or the documentation looks unprofessional

There are handwritten receipts with no contact information, so the payment can't be verified

The employer or physician is unreachable by phone to verify the report's contents

Tax documentation presented for income loss looks questionable

What to do if something looks peculiar?



- Call providers to verify what was paid out-of-pocket
- Send forms directly to employer and physician to complete and return
- Contact the employer and physician to verify the contents of the form are accurate
- Verify place of employment is a legitimate business
- When in doubt on income loss, ask for IRS-certified tax returns and W-2s or 1099s

Why is it necessary to have so much verification?



- To preserve funds for their intended purpose
- To avoid audit findings that will result in the program paying back federal funds

Service Provider Billing

Funeral Directors

Mental Health Professionals

Doctors

Dentists

Hospitals

Landlords

Contractors doing home modifications due to the victim's disability

Funeral Director Billing



- Examine the funeral contract
- Understand the fee schedule for funeral service providers
- Request in-service training from the Funeral Services Board



Billing from Mental Health Professionals Consider confirming dates of service with the victim or family member filing the claim and determine if the mental health professional offers a sliding fee for private-pay patients

Communicate with the VOCA Assistance program to determine if the mental health professional is 100% funded by a VOCA Assistance grant (if organization where they work is a non-profit).

Consider getting documentation from the mental health professional detailing services provided, the diagnosis, percentage of time the sessions focused on the crime, and preexisting conditions

Billing from Doctors and Dentists

Medical Care

- Billing for dates prior to the crime or for services that are completely unrelated to the criminal incident
- Billing for treatment related to a pre-existing condition

Dental Care

- Billing Victims
 Compensation
 for the costliest
 treatment when
 there are equally
 good treatments
 at a lesser cost.
- Billing for preexisting conditions



Hospital Billing

- Hospitals incorrectly view the Victim Compensation Program as an insurance company and reverse private pay discounts when they realize Victim Compensation might pay
- Hospitals incorrectly list Victim Compensation as the victim's insurance company and continue billing for unrelated services
- Hospitals may bill the program for medical expenses of an adult homicide victim, even though the claimant is not responsible for those expenses

Relocation: Landlord Billing

- The landlord knows the abuser has moved back in with the victim, yet continues to bill the program even though this is against the program's policies
- The landlord continues to bill the program after the victim moves to another location

Contractors doing home modifications due to the victim's disability

Billing for modifications unrelated to the victim's disability

Misrepresenting the estimated hours to complete the project in order to get more money from the program

Overcharging for labor

Giving a false account of items purchased

Failure to take agreed upon before and after photos to document work completed

Deeper Dive into Health Care Fraud

Billing for unrelated services

Billing for an injury not indicated in the police report

Billing for dates of service that were prior to the crime

Incorrect reporting of a diagnosis, so the Victim Compensation Program will pay

Having the victim come back multiple times for treatments to get to maximum award

False or unnecessary issuance of prescription drugs

Scheme titles on slides 18-24 are partially adapted from "10 popular health care provider fraud schemes." Association of Certified Fraud Examiners (ACFE), https://www.acfe.com/article.aspx?id=4294976280. Charles Piper, CFE, CRT. Jan/Feb 2013.

Detecting Health Care Fraud

Know the schemes and develop procedures to disrupt the attempt.

Scheme #1 Billing for unrelated services

Does the billing statement adequately reflect the services rendered?

Has the victim listed this provider on the claim form?

Is there a need to request medical records to verify the service was provided to the victim?

Scheme #2 Billing for treatment unrelated to the injuries shown in the police report

Does the police report note the injuries of the victim?

Does the victim compensation application note the injuries?

Does the billing statement procedure and diagnosis codes make sense for the injuries sustained?

Scheme #3
Misrepresenting dates of services

- Do the dates of service coincide with the injury date?
- Are the number of doctor visits reasonable given the victim's injuries?
- Did the victim see the provider on the dates of service noted?

Scheme #4
Incorrect
reporting of a
diagnosis, so
the Victim
Compensation
Program will
pay

Does the procedure fit the diagnosis? (e.g. diagnosis is PTSD but counselor is treating the victim for pre-existing ADHD with no indication the pre-existing condition was exacerbated by the crime).

Does the program have adequate information related to the injuries to determine if the diagnosis is reasonable and related to the crime?

Has the program considered asking the victim about the diagnosis they were given?

Have medical records been requested?

Scheme #5 Overutilization of Services

Is ongoing medical testing reasonable given the facts of the case and the injuries noted?

Is the victim being given the same medical test repeatedly with no clear diagnosis?

Has the victim considered getting a second opinion and will the program pay for a second opinion?

Scheme #6 False or unnecessary issuance of prescription drugs

- Did the program ask the prescribing doctor to document why the medication is needed, if the relationship to the injuries is not obvious?
- Was the medication being taken prior to the crime?
- Is the increased dosage of existing medication necessary due to the victim's injury, and is this verified by the physician in writing?
- Is the medication reasonable, based on the injuries reported?
- Has the doctor verified how long the medication will be needed as a result of the crime?

Common OIG Audit Findings Related to Claim Payments





Unsupported Costs

Unallowable Costs

Visit https://oig.justice.gov/reports and filter on keywords "victim compensation" to view other state program audit reports for more examples.



Sample Fraud Checklist for

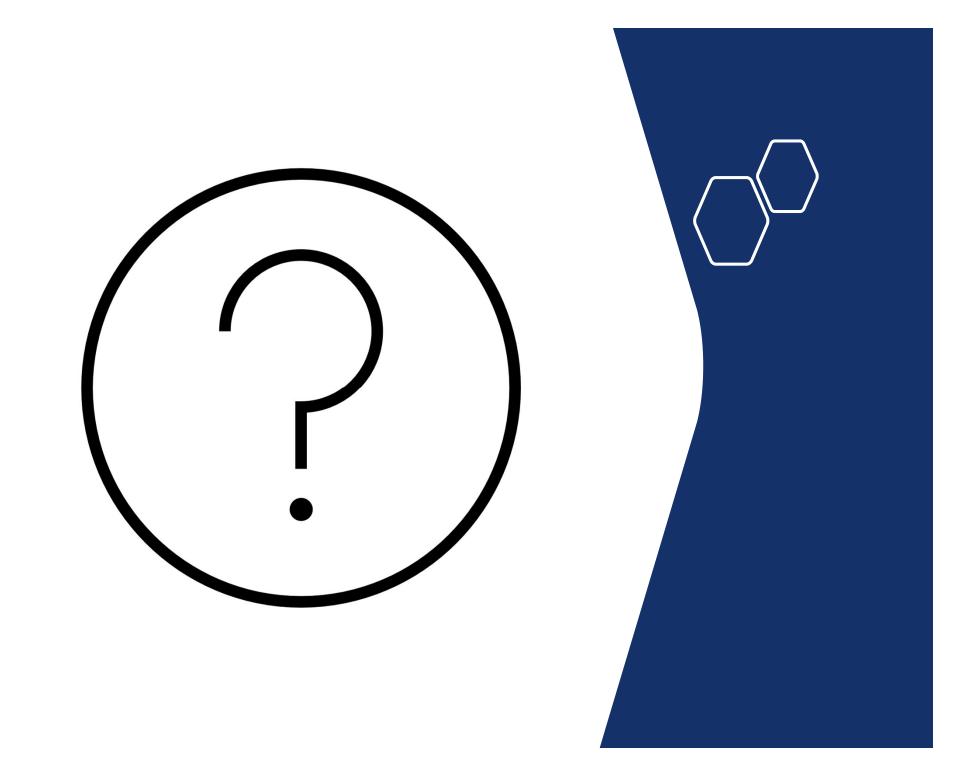
Victim Compensation Programs

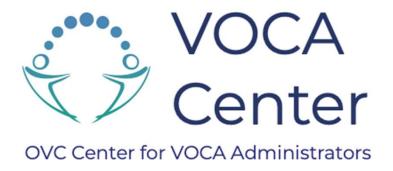
| Victim Compensation Program Fraud Checklist | | | | | | | | |
|---|-----|--------|---|-----|-----|--|--|--|
| Checklist Question | Yes | No | Checklist Question | Yes | No | | | |
| Has the supervisor and Administrator been debriefed? | | | 2. Documented the alleged fraud in writing? | | | | | |
| | | 7 | | | | | | |
| 3. Identified all indicators of fraud? | 2 | 5 | 4. Developed fraud theory? | (3) | | | | |
| Notified agency legal counsel and discussed whether to proceed? | | 5 | Obtained, recorded, and filed all pertinent information and | | | | | |
| | | \$ | documents in the file from providers, employer, etc.? | | | | | |
| 7. Determined if fraud occurred and the potential amount of loss? | 10 | 5 | 8. Identified potential witnesses? | | 0 8 | | | |
| 9. Determined if an error or mistake was made by the staff? | | 6 P | 10. Reviewed internal controls for accuracy? | | | | | |
| | | , | | Si | | | | |
| 11. Developed an investigative plan? | | 9 | 12. Determined the type of evidence needed to pursue? | | | | | |
| | | | | | | | | |
| 13. Identified indicators showing intent to commit fraud? | | | 14. Does the suspect have a criminal record? | | | | | |
| 15. Who would an investigator need to interview? | | 5 | 16. Has the interview approach been developed? | | | | | |
| 17. Will an undercover operation be needed? | | 8 | 18. Will any experts need to be consulted? | 4 | | | | |

Some content on slides 27-28 are adapted from the "Fraud Examination Checklist." Association of Certified Fraud Examiners (ACFE), https://www.acfe.com/uploadedFiles/ACFE_Website/Content/resources/Fraud-Examination-Checklist.pdf. Accessed 8 Jul. 2021.

Victim Compensation Program Fraud Checklist

| Checklist Question | Yes | No | Checklist Question | Yes | No |
|--|-----|----|---|-----|----|
| 19. Has a plan been developed? | | | 20. Performed forensic analysis (e.g. handwriting)? | | |
| | | | | | |
| 21. Interviews conducted? | 200 | | 22. Completed documentation and report to management? | 20, | |
| 23. Notified Board members? | | | 24. Appointment made with law enforcement agency? | 20 | |
| | | | • | | |
| 25. Follow-up contact made with investigators? | ļ) | | 26. Documents provided to law enforcement (list)? | | |
| | | | | | |
| 27. OVC Grant Manager Notified? | 50 | 10 | 28. DOJ Office of Inspector General Notified? | 00 | |





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