Fraud Schemes in a Telehealth Era: What Healthcare Payers Should Know

A study of telehealth claims to uncover trends, risks and opportunities for cost avoidance

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CODOXO
AI Solutions for Healthcare

Virtual healthcare is a new normal, exposing opportunities for new cases of fraud, waste and abuse.

On March 11, 2020, the WHO declared COVID-19 a pandemic. Three weeks later, telehealth visits skyrocketed 154%[1] compared to the same time period just one year prior. After sharply peaking in April 2020, telehealth has since leveled off, **finding a new elevated steady state at approximately 20x higher than pre-COVID rates**, according to anonymized data from Codoxo health plan customers. Other industry estimates place telehealth usage even higher.

Widespread adoption of telehealth has opened Pandora's box from a fraud, waste, abuse and error (FWAE) perspective. Radical shifts in billing patterns have triggered novel fraud schemes that continue to evolve and sophisticate, complicating the healthcare industry's existing burden of exorbitant FWAE.

With telehealth here to stay, it's critical for healthcare payers to stay ahead of evolving FWAE schemes. Our analysis of telehealth data spanning nearly two years and guidance for cost avoidance should be useful as health plans navigate a new age of virtualized healthcare delivery.

All data, regardless of source, strongly suggest that telehealth is here to stay. A McKinsey & Company analysis shows telehealth utilization at

38X HIGHER

than its pre-COVID baseline, with telehealth revenue potentially reaching $250 billion, up from $3 billion today.[2]

[1] CDC, March 2020: Trends in the Use of Telehealth During the Emergence of the COVID-19 Pandemic

[2] McKinsey & Company, July 2021: Telehealth: A quarter-trillion-dollar post-COVID-19 reality?

About this telehealth claims study

This white paper explores telehealth claims across different timeframes and specialties to illuminate where suspicious or non-compliant COVID-19 cases appear to exist. By highlighting telehealth outliers in discord with healthcare payer policies and current state and federal regulations, we aim to drive awareness about emerging schemes and ways to mitigate fraudulent, erroneous or wasteful cases.

Knowledge is power. It’s up to healthcare payers, providers, and other industry leaders and stakeholders to understand when, why and how to quickly identify, investigate and stop suspicious telehealth claims, preventing bad payments before it’s too late. Otherwise, everyone pays the price for malicious or improper billing practices that fuel massive avoidable costs in healthcare.

Methodology and scope

Our analysis is based on aggregated and de-identified professional claims from multiple health plan customers comprising a range of member lives covered, from

175,000 to 10 million,

collected from

September 2019 to July 2021,

and our data set spans multiple lines of business,

Medicare, Medicaid, and Commercial.

What constitutes telehealth?

For a valid telehealth billing, procedure codes should be accompanied by specific modifiers (‘95’, ‘CS’, ‘CR’, ‘GQ’, ‘GT’, ‘GE’, ‘CG’). We consider any claims with these modifiers as telehealth practice. The Centers for Medicare and Medicaid Services (CMS) published its first list of telehealth eligible codes on February 24, 2021 catering to the evolving needs of the COVID pandemic, and it has been modified multiple times since then. The latest version is available at https://www.cms.gov/Medicare/Medicare-General-Information/Telehealth/Telehealth-Codes. Our study investigates the prevalence of telehealth usage (of the above modifiers) outside of CMS’s recommended codes.

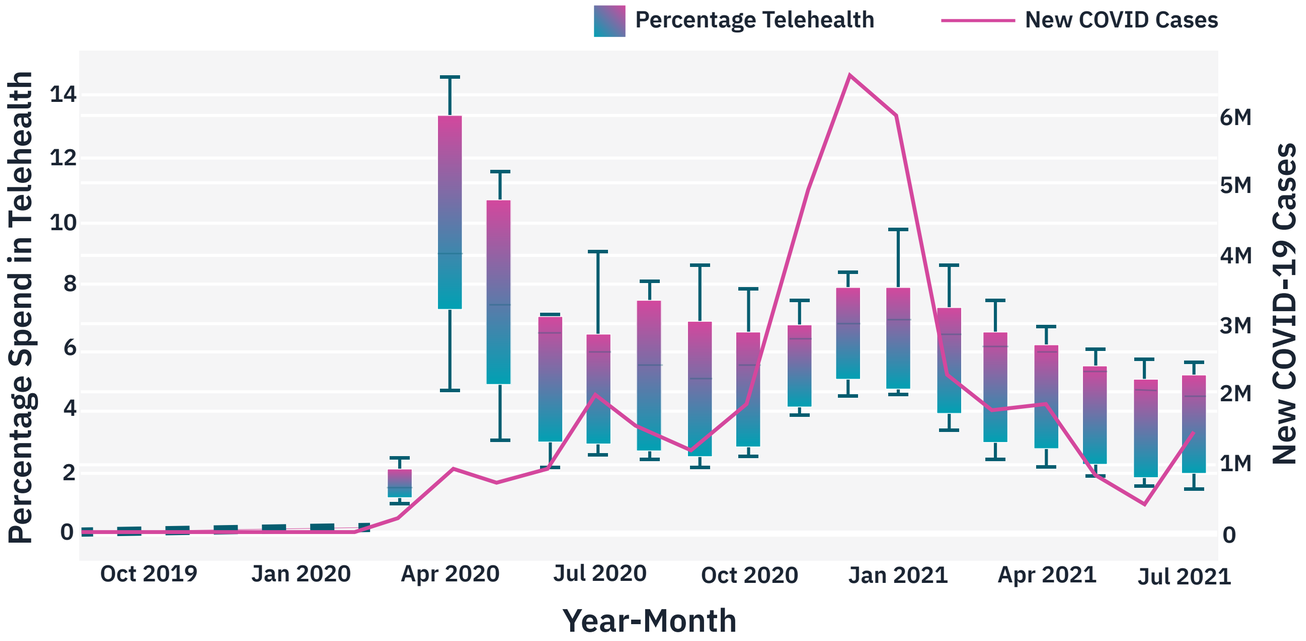
To track the latest CMS telehealth codes

CLICK HERE

Telehealth spend is up – likely for good

As illustrated in Figure 1, COVID-19 propelled the usage of telehealth by orders of magnitude from March to April 2020. Since then, telehealth usage has closely followed the trendline for new COVID-19 cases. Starting in May 2021, the percentage of spend on telehealth appears to **stabilize at 4.5%**, a level approximately **20 times higher** compared to the pre-COVID era. The new baseline appears non-reactive to the emergence of new COVID-19 cases.

Figure 1 | Percentage Spend on Telehealth



Regardless of fluctuations in new Coronavirus cases, providers and patients continue to engage in virtual healthcare visits at elevated levels.

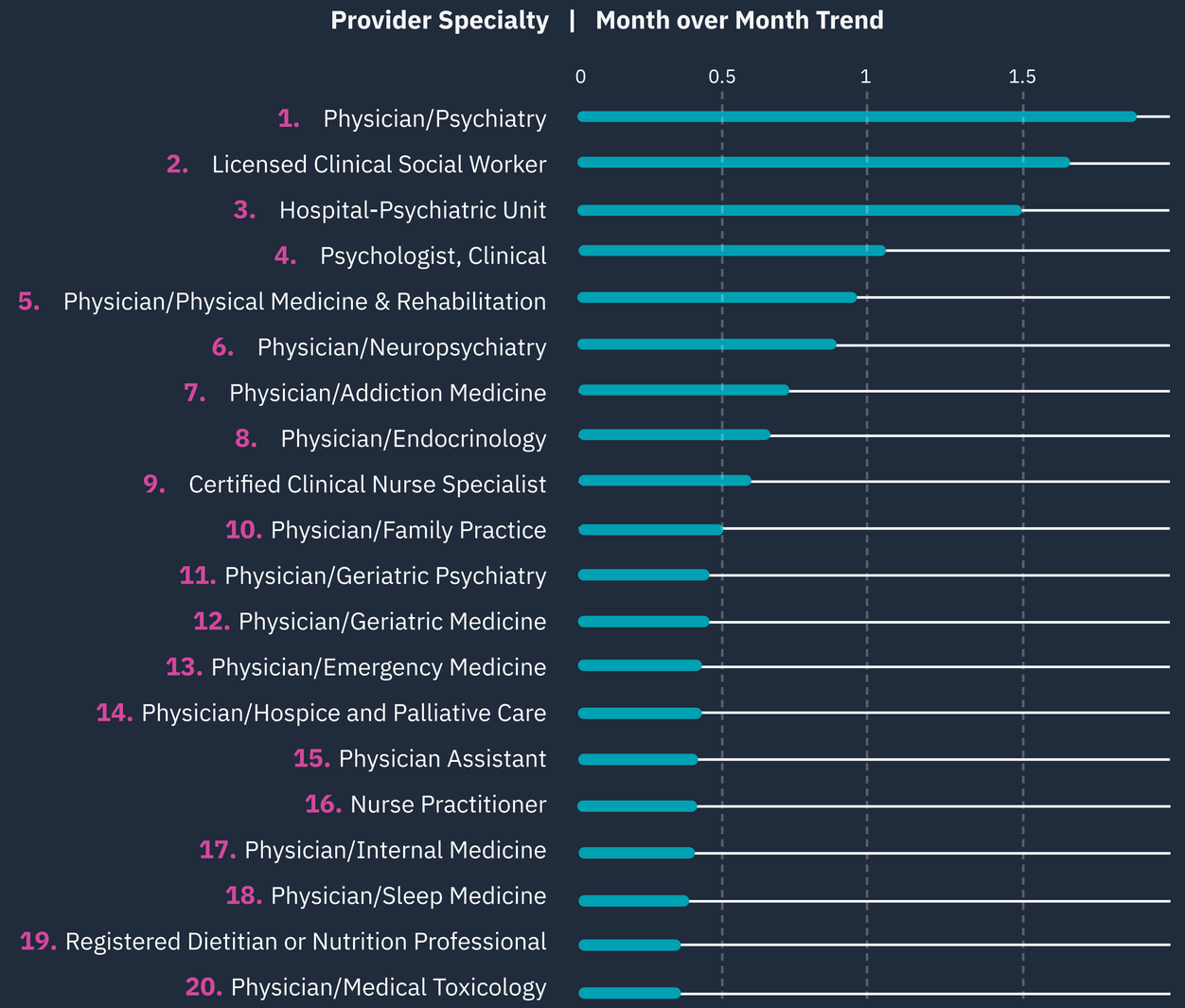
The top 20 provider specialties adopting telehealth

Variance in telehealth utilization depends on its adoption and utility across different provider specialties. Intuitively, it is more conducive for some provider specialties to adopt telehealth than others. In this analysis, we found that **approximately 41% (317/771) of all provider specialties show statistically significant increases for telehealth adoption** (p-value <0.05).

Figure 2 identifies specific provider specialties where we observe a statistically significant rapid shift of large dollar amounts towards telehealth. By analyzing shifts in billing patterns, we see where increased telehealth usage is intuitive, supported by eligible CMS procedure codes.

Likewise, our analysis highlights provider specialties where telehealth billing is counter-intuitive or prohibited. These cases use telehealth modifiers but lack accompanying eligible CMS billing codes, which may indicate wasteful, abusive or erroneous practices. Such novel schemes warrant immediate investigation.

Figure 2 | Provider Specialties with Rapid Telehealth Adoption

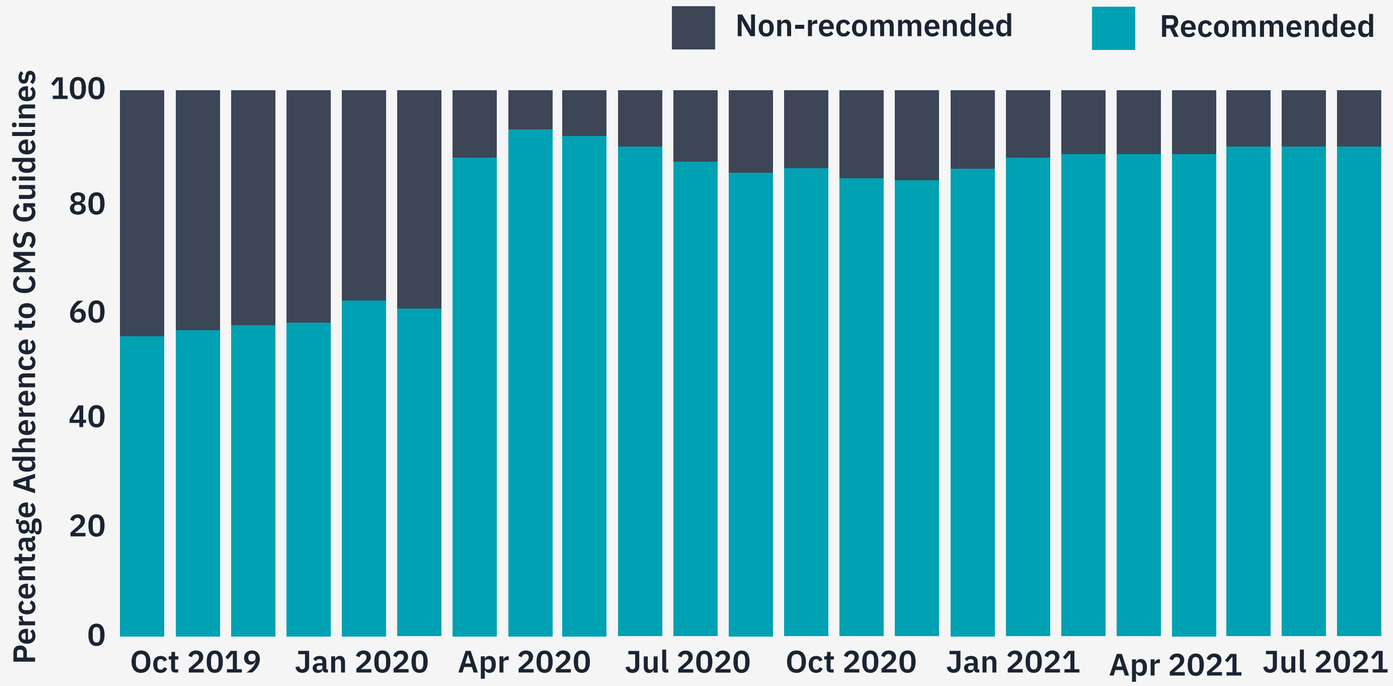


Adherence to CMS guidelines: 10% to 15% non-compliance

To what extent are CMS telehealth guidelines followed – or not? Figure 3 illustrates the prevalence of telehealth modifiers used outside of CMS's list of eligible codes.

In February 2020, CMS provided enhanced clarification on how and when to use telehealth codes, immediately improving compliance rates. Nonetheless, we still observe **10% to 15% utilization of non-recommended codes in telehealth billings over the following 17 months.** Depending on healthcare payer policies, these billings could be subject to FWAE investigation. They also underscore the importance of better provider education.

Figure 3 | Utilization of Telehealth Outside CMS Recommendations



Top 10 non-compliant codes

Which codes outside of CMS guidelines are used most frequently? The table to the right shows the top 10 CPT/HCPCS codes that were found to have used telehealth modifiers, even though they aren't among codes recommended by CMS. For some of these codes, using telehealth modifiers could indicate aberrant billing behavior among providers. These 10 codes represent 58% of all non-compliant codes found in our analysis.

Other codes commonly used together with telehealth modifiers despite not being included in the CMS guidelines are T1017, E1390, 87426, 99201, T1015, 99243, 99396, 99245, 0241U, H0033. **Together, these 20 codes represent a vast majority, approximately 75%, of misused telehealth codes.**

Many commonly-misused codes are counterintuitive for telehealth services. Whether intentional or unintentional, non-compliant codes should be flagged and investigated for FWAE.

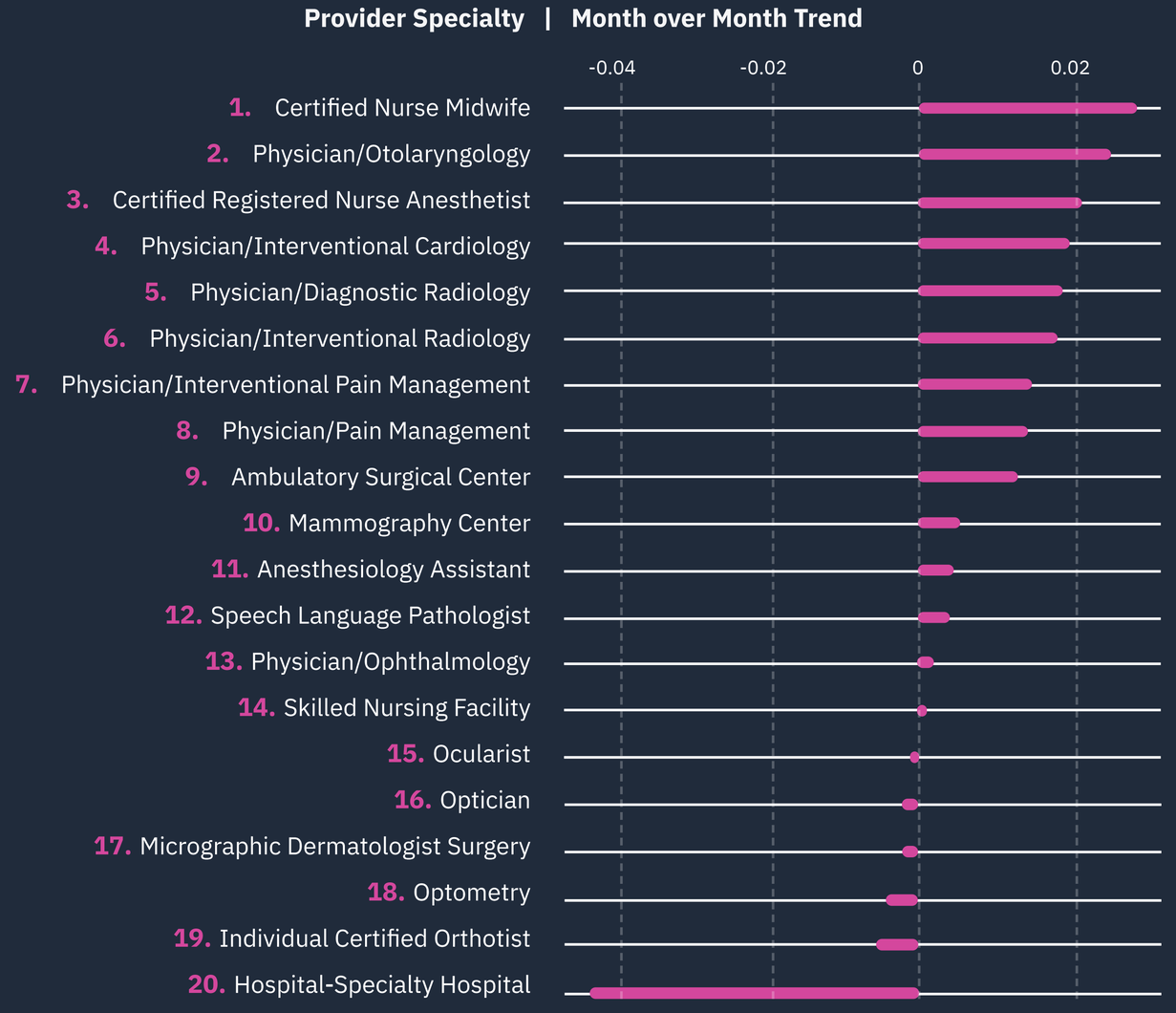
Figure 4 | Top 10 Misused Telehealth Codes

CPT/HCPCS Code	Code Description	% Dollars Paid
U0004	Reporting HCPCS codes for COVID-19 Lab Tests	13
K0553	Supply allowance for therapeutic continuous glucose monitor (cgm)	12
U0003	Reporting HCPCS codes for COVID-19 Lab Tests	8
S9083	Bundle all services rendered in an urgent care visit	6
G2023	Specimen collection for COVID-19	4
U0002	COVID-19 lab test non-CDC	4
99244	Level 4 office consult	3
T2023	Targeted case management per month	3
87634	Detection of SARS-CoV-2 (COVID-19) and any pan-coronavirus types or subtypes	3
H2014	Skills Training and Development 2014	2

Specialties unaffected by telehealth

While many provider specialties are quickly adopting telehealth, it's worth noting that many others have remained largely unaffected by the proliferation of telehealth or have decreased their telehealth usage over time. In our sample, all provider specialties with decreasing telehealth usage are not statistically significant.

Figure 5 | Provider Specialties Unaffected by Telehealth



Navigating telehealth growth: 3 considerations

FWA novel schemes are appearing faster than ever. For stakeholders across special investigation, payment integrity and provider network departments, we suggest conducting an audit of internal and vendor-led capabilities that evaluates three important areas:

Detection and mitigation. Advancements in AI have made it possible to automatically identify emergent schemes in both pre-pay and post-pay settings. Visualizing data across teams enables holistic insight and action to stem FWAE before it's too late.

Compliance tracking and automation. The regulatory and compliance landscape never ceases to change. Integrating updates into your process should be seamless and automated. A flexible AI-driven platform provides timely guidance to stay ahead of unknown schemes.

Provider education. Reducing payer-provider abrasion delivers improved savings and payment integrity outcomes. Look for solutions that offer peer benchmarking, provider self-monitoring, outlier behavior identification and provider engagement in an accessible, easy-to-use portal.

Summary

COVID-19 caught every facet of healthcare by surprise. Yet since its turbulent arrival, we have gained greater insight into the future. With virtual healthcare ranging **20x to 38x higher than pre-COVID**, it's clear telehealth is here to stay.

Another truth that must be faced: radical shifts in billing norms are triggering warning bells for **10 to 15% of all telehealth claims**. Depending on a healthcare payer's membership size, millions of dollars could be at risk.

We urge healthcare payer teams responsible for payment integrity and cost containment to conduct an honest assessment. How prepared are you to face increased fraud, waste and abuse fueled by telehealth? Are you ready for the next wave of uncertainty – whatever it may be?

If you haven't assessed your current solution recently, it's time.

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About Codoxo

Codoxo is the premier provider of artificial intelligence-driven applications that help healthcare companies and agencies identify and act to reduce risks from fraud, waste, and abuse. Codoxo's Healthcare Integrity Suite helps clients reduce risks and costs across network management, clinical care, provider education, payment integrity, and special investigation units. Our software-as-a-service applications are built on our Forensic AI Platform, which uses a patented algorithm to identify problems and suspicious behavior earlier than traditional techniques. Our solutions are HIPAA-compliant and operate in a HITRUST-certified environment. For additional information, visit www.codoxo.com.

The time to act is now.

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