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Stunner. Obama Administration Backs Off Medicare Anti-Fraud Efforts

Posted by Jim Hofl on Monday, January 9, 2012, 5:41 AM

Roughly 10% of total Medicare spending can be blamed on fraud.

Michael Cannon from The Cato Institute reported on this at [Townhall](#):

Medicare and Medicaid are rife with fraud. We're talking 10 percent or more of total spending, which is two orders of magnitude more than what credit card companies tolerate.

In a [recent article](#), I explained a couple of ways such fraud occurs:

For providers, Medicare is like an ATM: So long as they punch in the right numbers, out comes the cash. To get an idea of the potential for fraud, imagine 1.2 million providers punching 1,000 codes each into their own personal ATMs. Now imagine trying to monitor all those ATMs.

For example, if a medical-equipment supplier punches in a code for a power wheelchair, how can the government be sure the company didn't actually provide a manual wheelchair and pocket the difference? About \$400 million of the...fines paid by Columbia/HCA hospitals were for a similar practice, known as "upcoding."...

Yet federal and state anti-fraud efforts remain uniformly lame. Medicare does almost nothing to detect or fight fraud until the fraudulent payments are already out the door, a strategy experts deride as "pay and chase." Even then, Medicare reviews fewer than 5 percent of all claims filed.

Cannon posted this video on the subject of Medicare-Medicaid fraud recently. Fixing the problem won't be easy:

