VIEWPOINT

Medicare item number statistics in relation to fraud

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Introduction

Medicare is Australia’s universal health insurance scheme that guarantees Australian citizens and permanent residents access to health services at a reduced cost (e.g. medical and allied health consultations, hospital treatment, prescription medications). A range of optometric services have been included as part of Medicare (previously Medibank) since 1975. The majority of these services (> 90%) are bulk-billed, which means that the service provider directly bills the government for payment and the patient makes no financial contribution.

In 2018, a non-optometrist owner of an optometry business in New South Wales was jailed for a minimum of three years for defrauding Medicare. Over an 18-month period, the owner submitted electronic claims for over 49,000 optometry services that were not provided, using the Medicare provider numbers of six employee optometrists (accumulating a total of AUD$4,046,671 in Medicare benefits). The fraudulent claims related to contact lens services (item numbers 10921-10930), computerised perimeter (10940 and 10941), and other patient consultations (all other item numbers). This viewpoint presents an analysis of Medicare Benefits Schedule (MBS) optometric item number statistics for New South Wales in comparison to all other Australian states and territories to identify any potential anomalies related to these fraudulent claims made between October 2013 and March 2015 (the known period of fraudulent activity).

Search methodology

MBS item numbers were generated (in July 2021) for all optometric item numbers (the number of services provided per month) for each Australian state and territory from January 2012 to December 2016. This period was chosen for the analysis as it provides almost two years of data prior to and following the known period of fraudulent activity. The variation in the number of services provided each month for each optometric item number available at the time (10900 to 10943) was calculated as a percentage variation relative to the number of claims made in January 2012.

This approach was used rather than analysing the number of services due to variations between states and territories, with NSW providing the greatest number of services prior to the known fraudulent period. The mean relative change in the number of services provided per month (and the 95% confidence interval) was then calculated for all states and territories excluding New South Wales. The relative change in the number of services per month was plotted for New South Wales and the average of all other states and territories for each item number.

Item numbers which displayed a significant increase in the number of services provided in New South Wales between March 2013 to October 2015 (with the relative increase greater than the upper limit of the 95% confidence interval of the other states and territories data) compared to the preceding 2 years, and a reduction in claims before or immediately after October 2015, were considered affected by fraudulent claims. The number of fraudulent claims per month for these affected item numbers were then estimated by subtracting the upper limit of the 95% confidence interval of the number of claims per month for each item number in New South Wales only, derived from the data before and after the known period of fraudulent activity. The Medicare benefit payable (i.e. 85% of the schedule fee) for these fraudulent claims was calculated using the relevant MBS Optometrical Services Schedules from 2013-2015.

Identifying fraudulent services

Three item numbers displayed a significant variation in the number of services provided within the known period of fraudulent activity (Figure 1) and were all related to contact lens consultations (item numbers 10928, 10929, and 10930). These are bulk item numbers which encompass all professional attendances (i.e. the necessary aftercare visits to ensure the satisfactory performance of the lenses) in a single course of attention involving the prescription and fitting of contact lenses for:

10928: patients who, by reason of physical deformity, are unable to wear spectacles (e.g. patients without an ear or nose).
10929: patients who have a medical or optical condition (other than myopia, hyperopia, astigmatism, anisometropia or a condition to which item 10926, 10927 or 10928 applies) requiring the use of a contact lens for correction (e.g. patients requiring a bandage contact lens).
10930: patients who meet the requirements of item numbers 10921-10929 and require a change in contact lens material or basic lens parameters, other than a simple power change, because of a structural or functional change in the eye or an allergic response within 36 months of the fitting of
The estimated number of fraudulent services identified in this analysis and the associated Medicare benefits payable are displayed in Table 1 (19,728 services and AUD$3,022,874 benefits payable in total).
Table 1. Estimated number of fraudulent services claimed, and benefits payable for item numbers 10928-10930 between October 2013 and March 2015.

| Item number | Optometrical Services Schedule (commencing date) | Estimated number of fraudulent services | Benefit payable per service (AUD$) | Total benefits payable (AUD$) |
|-------------|-----------------------------------------------|----------------------------------------|-----------------------------------|-------------------------------|
| 10928       | 1 October 2013                                | 50                                     | 149.75                            | 7,487.50                     |
|             | 1 January 2015                                | 0                                      | 140.95                            | 0                             |
| 10929       | 1 October 2013                                | 2475                                   | 189.00                            | 467,775.00                   |
|             | 1 January 2015                                | 622                                    | 177.85                            | 110,622.70                   |
| 10930       | 1 October 2013                                | 11,353                                 | 149.75                            | 1,700,111.75                 |
|             | 1 January 2015                                | 5,228                                  | 140.95                            | 736,886.60                   |
| Total       |                                               | 19,728                                 |                                   | 3,022,873.55                 |

Discussion

It has been reported that the total Medicare benefits payable in relation to these fraudulent claims was AUD$4,046,671 for more than 49,000 services. Based on the current analysis, the three bulk item numbers identified account for approximately 75% of the total Medicare benefits paid in this case. This is perhaps unsurprising given that these contact lens item numbers attract a much higher payment (AUD$140.95 to 189.00 between 2013-2015) compared to non-contact lens related item numbers (range from AUD$7.00 to 60.35). The remaining 25% of fraudulent claims (an additional AUD $1,023,797 from approximately 30,000 other services) are likely spread across a range of item numbers, making variations in billing difficult to detect based on aggregate data for the entire state.

The Department of Health conducts audits where there is a reasonable concern that a Medicare benefit has been paid under the Health Insurance Act 1973 that exceeds the amount (if any) that should have been paid. In addition to public tip-offs or queries from patients (e.g. in relation to claims for services listed in their Medicare claiming history accessed through myGov that were not rendered), the Department also uses data mining procedures to detect potentially fraudulent activity. For example, the number of services provided by an individual practitioner for each item number can be compared to the number of services provided by all optometrists. Although the fraudulent claims in this case were linked to six different provider numbers, it is likely that each provider number used would have been in the first percentile of practitioners for item numbers 10929 and 10930 services in 2014.

Any future analyses of Medicare item numbers should consider that New South Wales data may contain anomalies linked to fraudulent claims between March 2013 to October 2015; however, item numbers 10928-10930 are those most affected.

Disclosure statement

No potential conflict of interest was reported by the author(s).

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