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SHARED FRAUD PREVENTION DATABASE COULD SIGNIFICANTLY REDUCE HEALTHCARE FRAUD RELATED COSTS

The Board of Healthcare Funders of South Africa (BHFC) has reported that fraud, along with waste and abuse, impacts significantly on the already constrained resources of the medical schemes industry.

It is estimated that at least 7% of medical aid claims are fraudulent and the figure might be as high as 15%. Approximately R130 billionyear spent in the private healthcare sector in South Africa. If 10% of claims are fraudulent, it means fraud costs us R13 billion/year.

Jim Gee, Partner and Head of Forensic & Counter Fraud Services, for and on behalf of PKF Littlejohn LLP and Visiting Professor and Chair of the Centre for Counter Fraud Studies at University of Portsmouth, says that fraud is the last unreduced business cost.

Lynette Swanepoel, Healthcare Forensic Consultant, says that fraud, waste and abuse all contribute to the increased cost of healthcare but there is currently no accurate measure for the true cost thereof. Lynette believes that only once the true cost is measured and made known, will the role players be in a better position to reduce this cost effectively. She goes on to say that it is vitally important to bridge the gap between the various silos in the industry. “Isolated efforts to combat fraud, waste and abuse afford perpetrators more opportunity for fraud, waste and abuse. A shared database, customised for the healthcare industry, would enable the members of the database to report incidents of fraud related activities as well as verify data, preventing potential fraud before it happens. A collaborated proactive approach could save the industry millions in fraud prevented” says Swanepoel.

Healthcare fraud occurs at all levels along the healthcare delivery chain and involves employees, administrators, medical scheme members, providers of service as well as healthcare service providers.

The Southern African Fraud Prevention Service (SAFPS) is a committed to combating fraud by allowing its members to list fraudulent activities on a shared SAFPS database. The SAFPS has been providing fraud prevention solutions for the last fifteen years to all the banks, clothing and furniture retailers and some insurance companies. 54 member organisations currently share fraud matters on the SAFPS database.
With 11 categories of types of fraud listed, ranging from identity theft to misuse of account information, insurance fraud and employees acting fraudulently, members have access to industry specific fraud data. SAFPS currently holds around 100'000 fraud related records. This information is shared within a closed user group and not displayed to anyone else outside the subscribing members of a specific industry, such as the healthcare industry.

The SAFPS specialises in databases and a specific industry does not need to conform to the current database, but can have their own customised database and rules which is most suited to their industry.

Manie van Schalkwyk, Executive Director of the SAFPS says that the key benefit of the database is that the members in that industry can share the information that they consider as fraudulent. Information can be shared in a closed user group or as part of the existing database, offering valuable management information. "The medical and health care industry can benefit greatly from SAFPS membership", says van Schalkwyk.

"Medical identity fraud such as false claims, employee fraud, employee dismissals for unethical behaviour, medical aid companies for consumers who fraudulently abuse the system, doctors who commit fraud, etc. could be reported and placed on the SAFPS shared data base and this information will be shared among the industry members, potentially saving millions in fraud prevention" says van Schalkwyk. End.

Enquiries:

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The SAFPS, a proudly South African non-profit company, is committed to combating fraud and offering the South African public a means of protecting themselves against impersonation and identity theft. SAFPS offers its members unparalleled commercial reference in fraud prevention. SAFPS aim to assist in preventing members of the public from becoming victims of impersonation.