



# 'Care Share

## Protect Yourself from Fraud in the Health Insurance Marketplace

October happens to be National Cybersecurity Awareness Month, as well as Protect Your Identity Week. It also happens to be the open enrollment of the nation's new insurance Marketplace. It will be necessary for you to be aware of some basic information regarding the health insurance marketplace, if nothing else to protect yourself from fraud.

Anyone on Medicare or Medicaid will not have to do anything, nor will it be legal for anyone to sell a new plan to them if they wanted to. The first thing you do if you're on Medicare or Medicaid is know this much. If you are on Medicare because of a disability and haven't been able to purchase a supplemental plan due to costs, the Montana Commissioner of Securities and Insurance is working with companies to change that. To stay current with the new rules affecting this population, please see a SHIP counselor in your area.

One thing that is for certain, there are scam artists already working diligently to get people to fall for their spin on the Affordable Care Act, and as such, there are a few things you need to be aware of.

Fake websites are already online with the word "exchange" across the top of the site. The new federal health insurance exchange is referred to officially as the Marketplace, and the only site anyone should access is **healthcare.gov**.

Another common scam of late is scams attempting to sell senior citizens new Medicare

cards, purportedly because of changes in the Affordable Care Act. They sound official, and they sound authoritative. Make no mistake that the ACA does not require anyone to get a new Medicare card and this is an attempt to steal your identity.

Any suspected scammers should be reported to Montana SMP at 1-800-551-3191 or the CSI office at 1-800-332-6148.

Your best protection against fraud is being informed!

### National Headlines

*Click on the links for more information. These are great stories to share.*

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Home Health Provider Under Investigation for Alleged **Medicare Fraud** ... The investigation focused on Legacy Home Healthcare for alleged **Medicare fraud**.

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*The Senior Medicare Patrol (SMP) helps to educate Medicare beneficiaries about ways to prevent, detect, and combat Medicare fraud. For more information about Medicare fraud, visit the Stop Medicare Fraud website at [www.stopmedicarefraud.gov](http://www.stopmedicarefraud.gov).*

# Facility Fees in Medicare Outpatient Settings

By Mike Klug

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**A** question arose in the March mentor call about Medicare coverage for “facility fees.” A beneficiary had called the SMP to ask about a facility fee charge, which appeared in addition to charges for physician services on his Medicare Summary Notice (MSN). He wondered if the facility fee was legitimate. The SMP called the Medicare call center and learned that Medicare covers facility fees.

What are facility fees, and why are beneficiaries calling SMPs about them?

When a physician provides a service to a patient in a facility that is part of a hospital (e.g., an outpatient department), Medicare’s payment rules allow the hospital to submit a claim for “provider-based facility charges.”

The hospital’s claim for the use of its facility appears on the MSN as a facility fee. If the physician’s claim is properly coded to show that the place of service was a hospital facility, Medicare will pay a higher rate than for a freestanding clinic.

Although facility fees are entirely legitimate under Medicare rules, they are controversial for at least two reasons. One is that they often seem high compared to the cost of the physician’s actual services and may far exceed the cost of providing the same service in the physician’s own office. In a 2005 case, two privately insured patients in Washington State won a class action lawsuit against a Seattle hospital for its use of facility fees. The patients alleged that the disparity between the high cost of services at the hospital’s provider-based facilities and the lower costs at its freestanding neighborhood clinic affiliates violated the state’s deceptive trade practices law.

A second source of controversy surrounding facility fees involves the incentive they create for hospitals to buy physician practices and convert them to hospital outpatient departments. With the change in designation, the hospital then can charge a facility fee. Although Medicare rules require a close business relationship between hospitals and their off-campus facilities, the use of facility fees for routine medical procedures concerns some health insurers, policymakers, and patient advocates. They say it contributes to medical inflation and adds to out-of-pocket costs.

***“Although facility fees are entirely legitimate under Medicare rules, they are controversial ... Medicare’s payments for a 15-minute evaluation and management visit by a physician were 80-percent higher in hospital outpatient departments than in freestanding physician offices.”***

The Medicare Payment Advisory Commission (MedPAC), which advises Congress on Medicare payment policy, is aware of the problem. In its March 2012 report to Congress, it recommended legislation to equalize payment rates for evaluation and management services regardless of the place of service. It had found that Medicare’s payments for a 15-minute evaluation and management visit by a physician were 80-percent higher in hospital outpatient departments than in freestanding physician offices. It estimated that facility fees for evaluation and management visits could add \$2 billion to Medicare’s annual spending by 2020 if current trends continue. To view the MedPAC report, [click here](#) and scroll to page 71.

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