

## The Secret to Proving Insurance Fraud

### By Kellie Snider

Need a way to help your clients prove insurance fraud? There's a little known secret weapon available to the skilled professional investigator: *hospital trace reports*.

Insurance fraud is big business. Thanks to the estimated one hundred twenty billion dollars per year in fraudulent claims, each policy holder in the U.S. pays approximately one hundred seventy-eight dollars per year in higher premiums.<sup>1</sup> Fraud can be a crime of opportunity by a party who sees a way to make a lot of easy bucks. It can happen when physicians file claims for services they did not render. It happens when car accidents are staged for profit, when someone exaggerates the seriousness of an injury, or even by insurance agents who don't submit all the premiums they collect.

Hospital trace reports are one way to research a claimant's background to determine if the claim is legitimate. These reports are a search of admissions and billing records in hospitals, clinics and other facilities offering medical treatment within a certain geographical radius of the claimant's home and work. Some private investigators will also trace the area around previous residences. Using billing and admissions information, an investigator assembles a report indicating whether a person has received inpatient, outpatient or emergency room treatment at any of the facilities in the given areas. The location, nature and dates of the treatment are also included. These reports might include from eight to twenty-three facilities.

Insurance companies, and their legal counsel, are the primary clients for these reports. Clients can potentially save huge sums by uncovering fraudulent claims prior to finalizing payments or settlements. These reports can also be used in death and disability cases, and in probate cases showing due diligence to finalize wills. They can be used to help locate missing persons who might be ill and institutionalized. Or, they could be used to show that a prescription drug abuse problem existed, by listing proof of duplicate prescriptions being filled in various places for the same individual.

Hospital trace reports have been around for more than seven years according to Deborah Rose, PI, and owner of Investigative Service Group Unlimited (ISGU). Rose says that access to such information varies on a hospital-to-hospital basis, rather than a legal or state-to-state basis. Hospitals all have different policies about the release of such information. Some hospitals will release admissions and billing information even without direct authorization.

How much information can a PI obtain about previous medical care that might affect the outcome of a claim? Through the tracking of Social Security numbers, date of birth, AKAs, and prior addresses, a PI can often hit pay dirt. The more information provided by the client, the better. ISGU also requests two signed original search authorizations from the insurance company, employer, or other client requesting the search. Some hospitals require a signed original before permitting the search, so Rose recommends having it available prior to contacting any hospitals.

To make these reports profitable, Rose advised, it is helpful if the clients request them for each case. Rose says that one of her clients requests a hospital trace report for every claim she gets. On average about two of each ten reports pays off, according to Rose. Eight will uncover no other injuries and little else of benefit to the case. One may provide some additional information that she did not already have, while one provides a big pay-off, often saving her client more than \$200,000.

The physical act of conducting the search also varies from hospital to hospital, Rose warns. It is beneficial, if not essential, to have a working knowledge of medical terms and verbiage. ISGU keeps a medical paralegal on staff to do record collections and hospital trace report activities. Rose says the process will fail without a working knowledge of medical terminology and the policies and procedures of a given institution.

It may take repeated contacts to get accurate information, par for the course in the life of a PI. Some hospitals will restrict access to information through the billing department, but the investigator can get it through the admissions department, so the first time one works a particular hospital, it may be necessary to attempt to gain access through several different channels before finding out what works within their policies. Some facilities have specific restrictions and will only release information on the presentation of a subpoena or the permission of the claimant. Also, some hospital personnel may be more willing to cooperate than others.

Creating a good working relationship with the hospital personnel is always a wise investment, Rose said. She offered the following tips:

- Don't be either too reserved or too aggressive in your demeanor, but at the same time let them know that what you're doing is important. Let them know that you respect their jobs and their responsibilities.
- Ask specifically what needs to be done to get the needed information. Don't barrel in, demanding records, or they will immediately become suspicious. They may even deny information that might normally be provided.
- During the entire search process, it is essential to keep accurate records of who was contacted, how helpful they were, phone numbers, dates, times, the names and contact information of those people who have the authority to release information, and what is required by the facility in order to release information. Keep this in a database that is updated each time a facility is contacted. This will save time and aggravation later.

Rose reports that the typical hospital trace reports including, on average, ten to sixteen medical facilities, are usually billed out at an average of \$159.00.

<sup>1</sup>Data Chek Systems, P.O. Box 10162 Greensboro, NC 27404-0162, (336) 288-3655, fax (509) 472-9856 or (336) 288-3933

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***Editor's Note: PI Magazine cautions readers to be fully aware of all regulations—state and federal privacy laws and FCRA, in particular—that might affect investigation for a hospital trace report.***