

# THE **F FILES**



**Group benefits fraud – what you need to know to fight fraud**

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Strategies for Combating Group Benefits Fraud



Fraud is an increasing concern in the realm of group benefits and has become a key threat to the sustainability of group benefits



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plans. As health care costs rise, the pressure for plans to remain sustainable continues to grow, and managing fraud is becoming a critical activity in containing costs.

As fraud schemes and financial crimes increase in sophistication and complexity, the battle to manage fraud and

contain costs becomes a priority in group benefits, which is why it is important to understand the dynamics that contribute to this growing problem.

## THE DYNAMICS

Lack of fraud awareness is a key issue in group benefits. Many plan members do not understand their benefit plans, let alone how their plans can be misused or why they should care. Fraud can happen to anyone, including plan members and plan sponsors, and low awareness and lack of understanding about benefits and how to properly use them can turn everyday people into victims or offenders.

## COMBATING FRAUD

Carriers should work with plan sponsors and plan members to address the escalating sophistication and scope of fraud schemes.

Sun Life's Fraud Risk Management team has an "intelligence-led" approach that focuses on both the potential crime and the individuals that commit these acts.

Find out more in **Sun Life's Bright Paper, Group Benefits Fraud: A leading edge perspective.**

## ACTIVATING PLAN MEMBERS AS THE FIRST LINE OF DEFENCE

Activating plan members in the fight against fraud is integral because they are the first line of defence. Educating them about their plan and how it should be used, as well as encouraging them to report suspected plan abuse or fraud when it is encountered are important steps.

There is another untapped method to combat fraud – whistleblowing. However, for whistleblowing to be effective, the stigma attached to it needs to be eliminated so plan members are comfortable, protected and confident in reporting fraud.



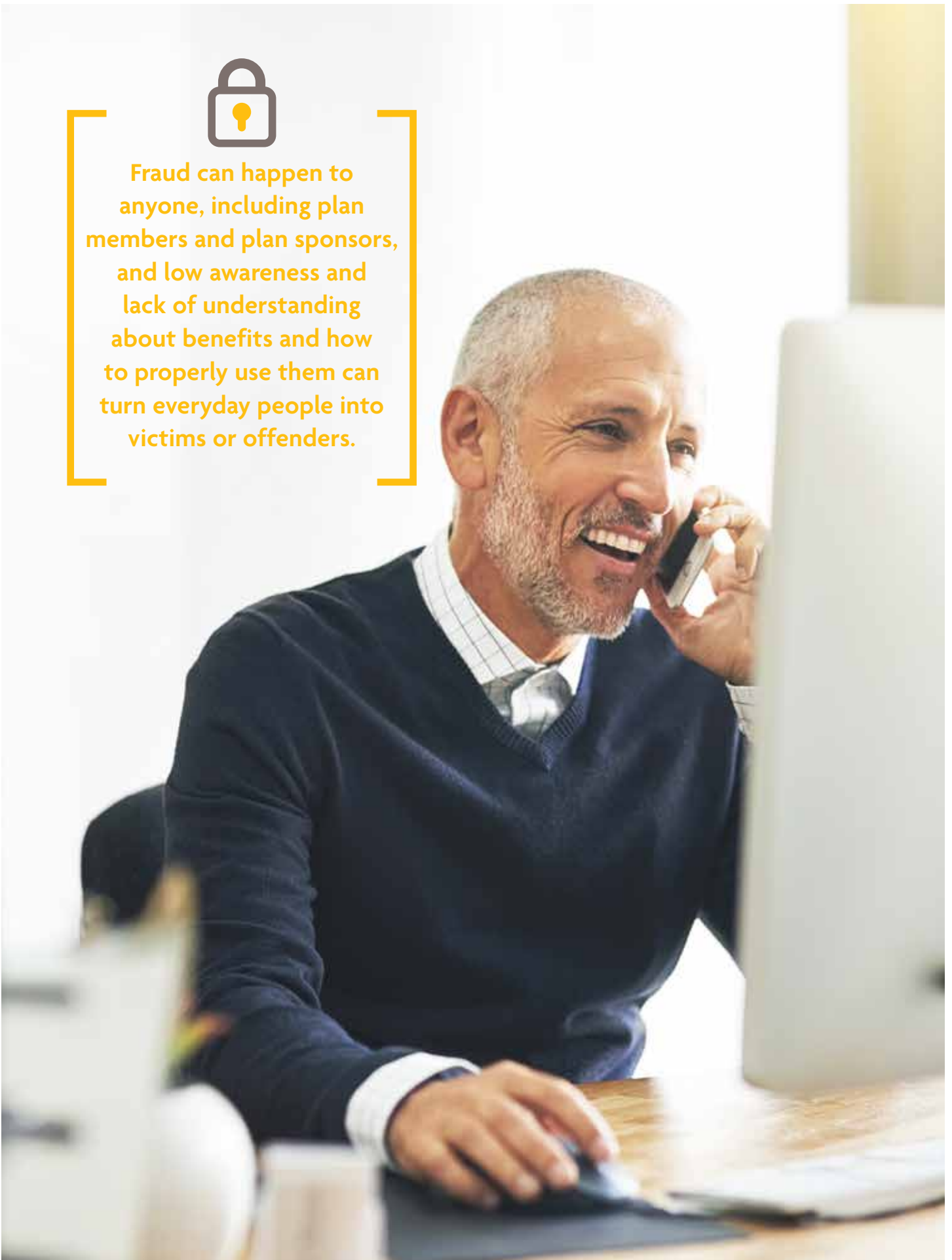
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## THE POTENTIAL OF WHISTLEBLOWING

Whistleblowing is a concept that has taken off in the United States where the False Claims Act – a long standing federal legislation aimed at reducing fraud against



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government funded programs (including health care). This Act is credited with recovering billions of dollars each year in fraud, with most cases attributed to the whistleblowing program<sup>1</sup>.

## CAN WHISTLEBLOWING WORK IN CANADA?

Canadians may be turning to whistleblowing programs too – in 2016 the Ontario Securities Commission (OSC) launched the country's first paid whistleblowing program, encouraging individuals to come forward and report high quality information about possible violations. *The Office of the Whistleblower* states that whistleblowers who report information that leads to an OSC administrative proceeding resulting in monetary sanctions and/or voluntary payments of \$1 million or more may be eligible for a financial award of up to \$5 million.

With the concern around group benefits fraud growing, perhaps it is time for our industry to take a stronger approach and offer rewards for those who come forward with information that results in detecting and stopping fraudulent activity.

In the meantime, Sun Life continues to dedicate resources to help fight this costly crime so that Canadians can have accessible and affordable health care. Service providers, plan sponsors and plan members can get **#fraudsmart** by visiting [sunlife.ca/fraudmanagement](http://sunlife.ca/fraudmanagement)



In 2016 the Ontario Securities Commission (OSC) launched the country's first paid whistleblowing program.

<sup>1</sup> US Department of Justice, "Justice Department Recovers Over \$4.7 Billion From False Claims Act Cases in Fiscal Year 2016", December 14, 2016



# GROUP BENEFITS FRAUD: A Leading Edge Perspective



This Bright Paper covers the increasing sophistication of the threats that plans face today, explores Sun Life's intelligence-led anti-fraud approach and the skilled fraud team who work hard to reduce risk every day.

Visit [sunlife.ca/brightpapers](http://sunlife.ca/brightpapers) to read this Bright Paper online.

## **CASE STUDY:**

Connecting the dots  
leads investigators to

# **A MAJOR FRAUD SCHEME**



## USING OUR INTELLIGENCE-LED APPROACH

Over a one-year period, Sun Life's Fraud Risk Management leveraged all aspects of an intelligence-led approach to fraud



Using social network and pattern analysis, Sun Life identified suspicious patterns, including billing anomalies from service providers and facilities covering various benefits.

management to uncover a large collusion scheme involving practitioners, plan members, facility owners, practitioner associations and private career colleges.

Using social network and pattern analysis, Sun Life identified suspicious patterns, including billing anomalies from service providers and facilities covering

various benefits. Suspicious facilities were flagged through the claims system and claims were monitored and held. Through data analysis, site visits, online searches, reviews of business records and interviews with people involved, a large false receipt collusion scheme emerged.

## NARROWING IN ON THE SCHEME

After conducting site visits, investigators discovered that these service providers were located in facilities that were not properly

set-up for treatment. In addition, many of the service providers refused to cooperate and disclose their files, and for those that did, it was discovered that files were incomplete. Interviews with plan members and practitioners identified some facilities that were allegedly running "receipt shops"; where claimants purchased fake receipts for submission under their benefits plan.

The investigation also identified several practitioners with dual and triple credentials who allegedly graduated from private career colleges where graduates were unable to authenticate their credentials and in some cases, investigators were unable to receive authentication from the private career college and/or the providers to prove/authenticate their credentials.

## RESULT

As a result of the investigation, a number of providers and facilities have been delisted, removing the risk. Through our intelligence-led anti-fraud approach, Sun Life continues to provide our clients with an enhanced level of protection by reducing costs and preserving the integrity of their benefit plans.



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# 4 TIPS

to protect yourself from fraud



## 1 PROTECT YOUR IDENTITY

Keep passwords confidential, ensure banking information isn't altered and monitor claim submissions for errors or services/products you didn't receive.



## 3 KNOW YOUR PLAN

Understand how to properly claim under your benefits plan by knowing which expenses are covered and which expenses aren't.



## 2 RETAIN RECEIPTS

Retain receipts for a year in case of verification requests from your carrier.



## 4 REPORT SUSPECTED FRAUD

Report suspected plan abuse or fraud if someone tries to persuade you to misuse your benefits plan.





**I CLAIMED MY  
NON-PRESCRIPTION  
DESIGNER  
SUNGLASSES  
THROUGH MY  
INSURANCE  
PROVIDER AS  
PRESCRIPTION  
EYEWEAR**

Fraud can happen to anyone.

**Get #fraudsmart at [sunlife.ca/fraudmanagement](https://sunlife.ca/fraudmanagement)**



# About Sun Life Financial

A market leader in group benefits, Sun Life Financial serves more than 1 in 6 Canadians, in over 16,000 corporate, association, affinity and creditor groups across Canada.

Our core values – integrity, service excellence, customer focus and building value – are at the heart of who we are and how we do business.

Sun Life Financial and its partners have operations in 22 key markets worldwide including Canada, the United States, the United Kingdom, Hong Kong, the Philippines, Japan, Indonesia, India, China and Bermuda.

Group Benefits are offered by Sun Life Assurance Company of Canada, a member of the Sun Life Financial group of companies.  
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Employee group benefits  
fraud is a  
**serious crime.**



Find out how to  
**protect yourself**  
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[sunlife.ca/fraudmanagement](https://sunlife.ca/fraudmanagement)

**Get #fraudsmart!**

