THE F FILES

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

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SPRING 2019

When the going gets tough, the tough get going together

Gary Askin, AVP, Sun Life Fraud Risk Management

I once heard a politician say that it was time "to unleash the power of the private sector." He wasn't talking about benefits fraud, but I think it's the perfect sentiment. That's because benefits fraud continues to grow and it costs the industry hundreds of millions of dollars. Who ultimately pays that price? You and me. That's why we need to work together, not just to stop benefits fraud, but to prevent it from happening in the first place. And to do that, we need to leverage the collective wisdom of police, public and private groups.

I've been fighting organized criminal activity for years. As the former Intelligence Commander of the Waterloo Regional Police Service, it was my job to understand and advise on the extent of organized crime and threats that would impact our community. It wasn't until I joined Sun Life as the AVP of Fraud Risk Management that I learned just how much fraud is unreported and how much I didn't know about a crime that was happening in my own community.

Let me explain. In policing, we used more of a human approach to solving crime – utilizing intelligence and crime analysts with limited analytics. We didn't have data scientists to develop machine learning algorithms and artificial intelligence. And we didn't have the money to pursue these tools.

Now that I'm in the private sector, I wish I had known then what I know now – that we didn't have to go it alone and that the corporate sector holds massive amounts of criminal fraud data that police can utilize to maximize community safety. Gathering

BRAND

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intelligence on criminals isn't only up to law enforcement. In fact, benefits fraud investigators have access to and can follow the money trails for terrorist financing, organized crime groups and serial fraudsters. Combining the efforts of investigators from public, private and police can give us a complete picture on the scope of fraud and identify solutions to prevent it.

Companies like Sun Life use machine learning and predictive analytics out of necessity and to make sure we have dozens of strategic responses in place to mitigate, prepare for and respond to fraud. In fact, in the last few months alone, we have identified several suspect fraud schemes that can best be described as an attack on our benefits plans. These were happening in real time. They needed not only our immediate attention, but effective intervention. We needed to act fast and work with the police and our client to mitigate this crime. Any delays would mean significant financial losses. Our cutting-edge analytics, experienced staff and police partnerships were leveraged to quickly shut down this threat. The fraudsters are now facing criminal charges.

I know that we can successfully fight fraud and we can make a difference. I also know that everyone has a role to play to prevent fraud. Like I said, it's bigger than any one of us. That's where organizations like the Canadian Life and Health Insurance Association (CLHIA) and the Ontario Association of the Chiefs of Police (OACP) and the newly created provincial Serious Fraud Office come in. We're working together to not just stop fraud, but prevent it.

USING PREDICTIVE ANALYTICS TO DETECT DISABILITY FRAUD

Benefits fraud comes in many forms, including disability fraud. However, disability fraud can be difficult to detect, because the plan member's disability is not always visible to others. That's why our combination of sophisticated technology and an experienced team of over 100 fraud risk management professionals, including data scientists, is critical to preventing and detecting disability fraud.

Disability fraud is considered to be the receipt of payment(s) from government or insurance companies by individuals who have intentionally submitted false or misleading claims for debilitating medical conditions. It can occur in a number of ways:

- Falsification of a plan member's level of function
- Continuing to receive payments after recovery from the medical problem
- A plan member's failure to report alternate employment while receiving payment(s)

Technology is at the forefront of our proactive and preventative approach when it comes to detection of all types of fraud.

Our rich data collection allows us to identify anomalies from algorithms in Salary Continuance, Long Term and Short Term disability claims and a module helps us compare characteristics of a claim that are in common with historical suspicious disability cases. These predictive analytic techniques are both a combination of data sciences and business analytics. Our intelligence-led approach with predictive analytics allows the Fraud Management Team to investigate a wide range of factors related to claims all at once so that we can predict when disability fraud may occur, and stop it in its tracks. To optimize the efficiency of finding outlier disability claims, our Fraud Risk Management team implements new techniques such as neural networks and linear regression on an ongoing basis.

When it comes to efficient investigative processes for any type of benefits fraud, both internal and external collaboration are key. Our Fraud Risk Management team works closely with Sun Life Group Life & Disability to identify any change to the management of disability claims and communicate tips or potential leads. In combination with the formal investigation from our fraud team, our disability team is armed with a formal action plan. We also collaborate with law enforcement and other third party partners like the Canadian Life and Health Insurance Association (CLHIA) – to help our organizations recognize, prevent, and address benefits fraud.

If suspicious activity is identified, our team shares and discusses the evidence with our clients while walking them through the recovery process. We collaborate closely with the plan sponsor and offer timely resources such as interviews, notification letters, and ways to address reputational risk.

Plan sponsors and plan members can also help to stop fraud. Plan sponsors can educate plan members about the role they play in helping to guard against fraud and protect their own benefits coverage. They can also remind employees during their yearly code of conduct review about the rules and requirements for disability claims and how to report suspected fraud. In the case that there is suspicious disability fraud, it's important that the plan sponsors are open to a collaborative approach with the interviewing process when identifying employees involved in fraudulent disability claims. Plan members, on the other hand, can ensure the accuracy of their claims submissions and report suspicious activities – using an anonymous system, for example.

In one recent case, a plan member's disability benefits were immediately terminated when it was determined, through Sun Life's network analysis capabilities that the plan member was functioning at a much higher level than reported. Yet the plan member continued to generate income from alternate employment.

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FRAUD CASE STUDY:

Confirmed Suspicion (Function and Employment)

The case came to light when Sun Life received an anonymous tip from a caller who believed a plan member had falsely claimed long-term disability.

To determine if the plan member was engaged in alternate unreported employment and misrepresentation of the plan member's level of function, Sun Life launched an extensive online and data-led investigation.

Sun Life used surveillance, online investigations, and corporate searches to gather evidence relating to the ongoing activities of the plan member and to confirm that the plan member's function and employment was not as reported to Sun Life.

PARTNERSHIP BETWEEN FRAUD RISK MANAGEMENT (FRM) AND DISABILITY

A collaborative approach was used with both the disability business unit and FRM to determine how to proceed with the investigative findings and close potential gaps – making it possible to make an optimal claims decision.

As one of the steps, reflecting Sun Life's regular process, a conference call was conducted between the Disability Case Manager, the FRM investigator, and the plan member, to discuss the discrepancies between the plan member's actual and reported functional level. Based on the findings from our investigation, a decision was made to terminate the plan member's long-term disability benefits immediately. Not only was the plan member functioning at a much higher level than reported, the plan member also did not report income from alternate employment to Sun Life.

Preventing disability fraud from occurring starts from within the organization by helping employees recognize fraud and letting them know about some of the consequences involved. Sharing tips and reminders on benefits fraud, such as the ones listed in this newsletter, are part of raising awareness and educating employees.

3 Tips

While many fraud cases are handled outside of the court system, fraud is a serious crime. Make sure plan members understand their disability benefits and follow these tips to help prevent fraud.

TIP 1

Ensure you are transparent when communicating your level of function to both your medical practitioner and disability case manager.

TIP 2

Let your disability case manager know if you are volunteering, education upgrading, or working outside of your organization while on your claim.

TIP 3

If you suspect disability fraud or any type of benefits fraud, contact **clues@sunlife.com** or **1-888-224-8110.**

YOU CAN STOP BENEFITS FRAUD.
www.fraudisfraud.ca

Fraud = Fraud
real crime, real consequences.

The Fraud=Fraud program is sponsored by the Canadian Life and Health Insurance Association with the support of its member companies.

Did she agree to sharing her benefits with a friend?

FRAUD=FRAUD Recognize benefits fraud and its consequences

Sun Life has the technology and investigative expertise to uncover what's going on behind the scenes. Find out more about group benefits fraud at **fraudisfraud.ca #fraudsmart**

Life's brighter under the sun

Group Benefits are provided by Sun Life Assurance Company of Canada,
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Life's brighter under the sun

GROUP BENEFITS FRAUD:
A LEADING EDGE PERSPECTIVE

in-house, to create and monitor evolving schemes. Ad hoc reports are generated to identify these schemes.

- **Intelligence analysis** – takes the data analytics even further to identify other potential leads and players in a complex network scheme.
- **Investigative skills** – once potential leads are identified, an investigative plan is put in motion. For example, when we identified suspicious claiming behaviour coming from a particular facility, we placed the facility under surveillance and scheduled interviews with plan members who had recently made claims there.

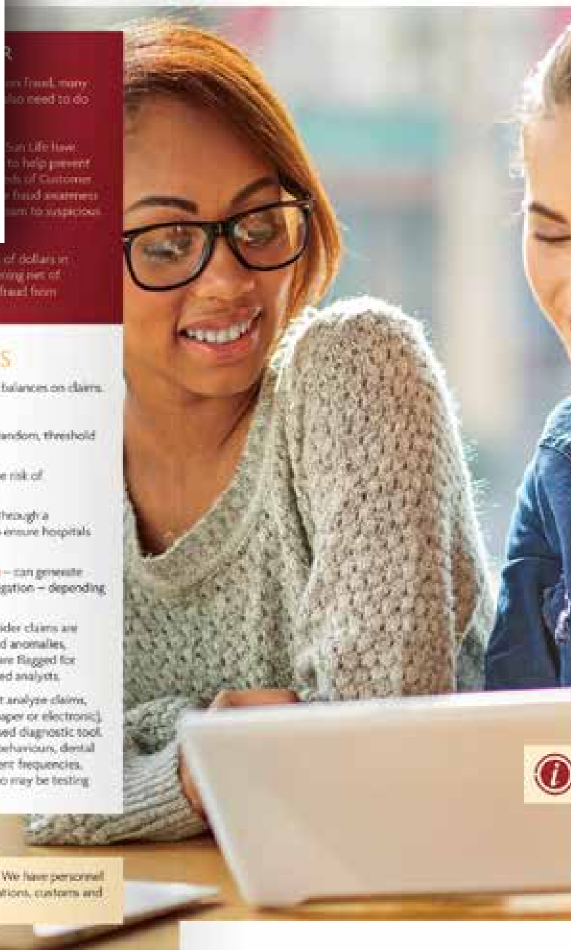
The results of these efforts are millions of dollars in recoveries each year, and an ever-tightening net of preventative measures to help prevent fraud from happening in the first place.

CHECKS AND BALANCES

A carrier should also conduct checks and balances on claims. These include the following:

- **Web prepayment audits** – based on random, threshold and profile.
- **Prepayment audits** – these reduce the risk of reimbursement for fraudulent claims.
- **Hospital audits** – claims are audited through a prepayment hospital audit program to ensure hospitals are billing correctly and accurately.
- **A "Clues" email and toll free tip line** – can generate dozens of referrals a month for investigation – depending on the size of the carrier.
- **Medical and dental providers** – provider claims are audited for unusual billing patterns and anomalies, volumes, or combinations of services are flagged for further investigation by specially trained analysts.
- **An "Alerts" technology** – where most analyze claims, no matter the format of submission (paper or electronic), are screened through this scenario-based diagnostic tool. Alerts are generated for drug seeking behaviours, dental procedures with unreasonable treatment frequencies, plan members or service providers who may be testing coverage or limits, etc.

Sun Life's fraud team and consultants bring a wide variety of skills and disciplines to the table. We have personnel with experience in policing, intelligence, organized crime, human trafficking, complex investigations, customs and immigration as well as medical and dental practitioners.



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 to read this Bright Paper online.

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