



Emerging Intelligence Report

(U) PREPARED BY MIAMI FIELD OFFICE
CO-AUTHOR FBI PITTSBURGH FIELD OFFICE

8 APRIL 2020
FBI EIR151 20200408

(U//FOUO) Health Care Fraud Threat Actors Almost Certainly Exploit Telemedicine To Defraud Health Insurance Plans, Resulting in Massive Financial Losses

(U) This document is classified Unclassified//For Official Use Only.
(U) EIR template approved for fiscal year 2020, as of 1 October 2019.

(U//FOUO) The FBI assesses health care fraud threat actors almost certainly^a exploit telemedicine^b to purchase doctors' orders^c for medically unnecessary products and services, defrauding government and private health insurance plans throughout the United States of billions of dollars. This assessment is made with high confidence,^d based on FBI investigations and human source reporting with direct access. The FBI makes this assessment based on the key assumption the telemedicine providers profit financially from ordering pharmaceuticals, genetic tests, and durable medical equipment (DME).^e If this assumption proves inaccurate, the telemedicine providers would not order these products and services without a financial incentive. The FBI bases this assessment on threat actors using telemedicine companies to initiate doctors' orders after patients have been identified for medically unnecessary products and services. The FBI determined an analysis of alternatives is not warranted because there were no significant uncertainties.

- (U) According to a human source with direct access who was the owner of a telemedicine company, the majority of the telemedicine doctors did not question the medical necessity of the medical equipment when they wrote the orders. If the doctor would not write the order, the telemedicine company would find another doctor to approve the order, as of February 2020.¹

- (U) As of November 2019, according to a human source with direct access who was employed as a telemedicine provider, the telemedicine company set up an online portal so that doctors could prescribe DME for patients without speaking to or examining them, thus facilitating fraudulent claims by the company.²
- (U) On 4 November 2019, a telemedicine doctor pleaded guilty to health care fraud for signing medically unnecessary doctor's orders for DME, which were then sold to DME suppliers. The DME suppliers then used the doctor's order to bill government and private health insurance plans for the medically unnecessary DME. The telemedicine company paid the telemedicine doctor between \$30 and \$40 per consultation for a signed doctor's order. The telemedicine doctor was responsible for approximately \$7.5 million in fraudulent claims to Medicare, according to a human source with direct access.³ Further, the same telemedicine doctor signed medically unnecessary doctor's orders for prescription pain cream for a different telemedicine company, according to the same source.⁴
- (U) According to a human source with direct access who operated a telemarketing company, as of September 2019, the human source paid the telemedicine company \$100

^a (U) See Appendix A: Expressions of Likelihood.

^b (U) Telemedicine provides real-time interactive communication between the patient and the physician or practitioner at a distant site. Telemedicine is viewed as a cost-effective alternative to traditional in-person medical care. The telemedicine consultation facilitates consultation, diagnosis, and treatment while the patient is at the originating site and the health care provider is at a distant location.

^c (U) A doctor's order is a term used to describe a medical prescription signed by a licensed practitioner.

^d (U) See Appendix B: Confidence in Assessments and Judgments Based on a Body of Information.

^e (U) See Appendix C: Genetic Testing Fraud Scheme

for each signed doctor's order to prescribe genetic tests. The telemedicine company paid the doctors for a signed doctor's order without the doctor ever talking to the beneficiaries.⁵ According to another human source with direct access who operated a different telemarketing business, as of April 2019, a telemarketer collected the completed genetic testing kits before doctor's orders were purchased from a telemedicine company, which were then sold to laboratories to be billed to government and private health insurance plans.⁶

- (U) According to a human source with direct access who was a telemedicine doctor, in February 2019, the telemedicine company with whom the doctor worked provided the doctor with a list of beneficiaries to contact for genetic testing consultations and was compensated between \$15 and \$30 per consultation. The telemedicine company informed the doctor there was no requirement to communicate the test results with patients.⁷

(U//FOUO) This emerging intelligence report is the first external FBI product assessing telemedicine as a platform to defraud government and private health insurance plans. The FBI assesses within the next year, threat actors likely will increase their use of telemedicine for the care of Medicare beneficiaries, as a result of the expanded coverage for telemedicine in March 2020, which will result in billions of dollars of losses to government and private insurance plans.^f As coverage for telemedicine is expanded, in the next year, threat actors likely will use stolen or unauthorized personal information from

unwitting medical providers to submit additional fraudulent health care claims for highly reimbursed procedure codes and for services not rendered, thus contributing to additional financial losses. Indicators might include an increase in the reporting of stolen and unauthorized doctor's information for medically unnecessary health care claim submissions.

UNCLASSIFIED

(U) Source Summary Statement

(U) Reporting in this emerging intelligence report was derived primarily from FBI investigations and multiple human sources with direct access. The human source reporting from the telemedicine company and providers were the most critical to the analytical judgment, as the sources indicated the providers signed orders regardless of medical necessity. Additional reporting on whether the beneficiaries received their results from the genetic tests and if the tests were further used to provide management of beneficiaries' specific medical problem would indicate a doctor-patient relationship and alter the judgments in this assessment, as this would demonstrate a medical necessity for the testing. Reporting in this emerging intelligence report was collected between 4 February 2019 and 11 March 2020, and was current as of 27 March 2020.

(U) If you would like to provide qualitative feedback on this product, please send an email to the appropriate address with the product title as the subject line: DI_Customer_Feedback@fbi.gov; DI_Customer_Feedback@fbi.sgov.gov; or DI_Customer_Feedback@fbi.ic.gov.

(U) FBI Miami and Pittsburgh Field Offices prepared this emerging intelligence report. Please direct comments and queries to the FBI Miami Intelligence Branch at 1-754-703-2000.

^f (U) Effective 6 March 2020, the Centers for Medicare & Medicaid Services (CMS) will temporarily pay clinicians to provide telehealth services for beneficiaries residing across the entire country. Prior to this announcement, CMS was only allowed to pay clinicians for telehealth services such as routine visits in certain circumstances.

(U) Appendix A: Expressions of Likelihood

(U) Phrases such as “the FBI judges” and “the FBI assesses,” and terms such as “likely” and “probably” convey analytical judgments and assessments. The chart below approximates how expressions of likelihood and probability correlate with percentages of chance. Only terms of likelihood should appear in FBI products; the chart includes terms of probability strictly for comparison, as they sometimes appear in reporting of other government agencies. Furthermore, the FBI does not arrive at judgments through statistical analysis and will not use terms of probability to convey uncertainty in FBI external intelligence products.

UNCLASSIFIED

Terms of Likelihood	Almost No Chance	Very Unlikely	Unlikely	Roughly Even Chance	Likely	Very Likely	Almost Certain(ly)
Terms of Probability	Remote	Highly Improbable	Improbable (Improbably)	Roughly Even Odds	Probable (Probably)	Highly Probable	Nearly Certain
Percentages of Chance	1-5%	5-20%	20-45%	45-55%	55-80%	80-95%	95-99%

(U) Table showing terms of likelihood aligned with terms of probability and percentages of chance.

(U) Appendix B: Confidence in Assessments and Judgments Based on a Body of Information

(U) Confidence levels reflect the quality and quantity of the source information supporting a judgment. Consequently, the FBI ascribes high, medium, or low levels of confidence to assessments, as follows:

(U) **High confidence** generally indicates the FBI's judgments are based on high quality information from multiple sources. High confidence in a judgment does not imply the assessment is a fact or a certainty; such judgments might be wrong. While additional reporting and information sources may change analytical judgments, such changes are most likely to be refinements and not substantial in nature.

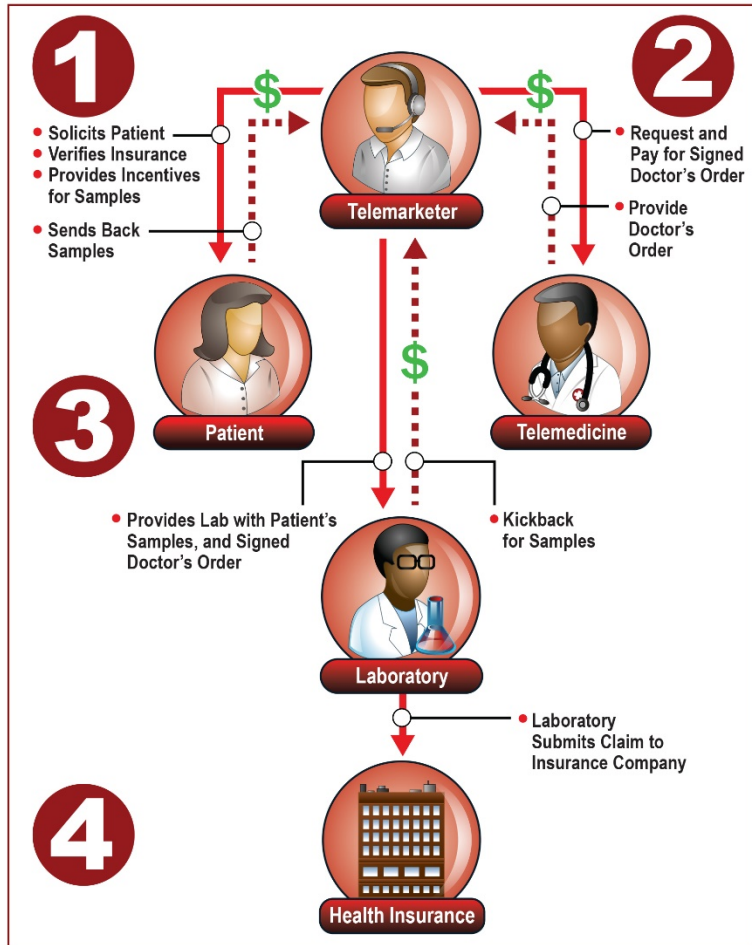
(U) **Medium confidence** generally means the information is credibly sourced and plausible but not of sufficient quality or corroborated sufficiently to warrant a higher level of confidence. Additional reporting or information sources have the potential to increase the FBI's confidence levels or substantively change analytical judgments.

(U) **Low confidence** generally means the information's credibility or plausibility is uncertain, the information is too fragmented or poorly corroborated to make solid analytic inferences, or the reliability of the sources is questionable. Absent additional reporting or information sources, analytical judgments should be considered preliminary in nature.

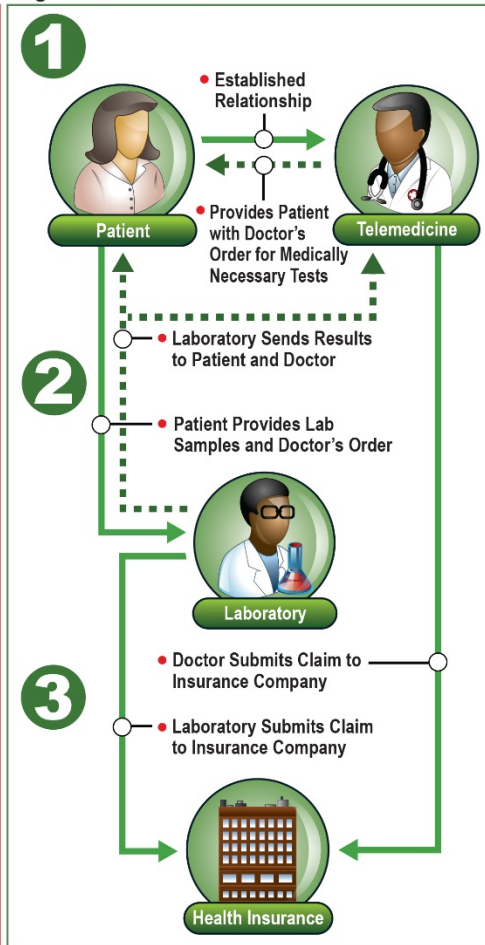
(U) Appendix C: Genetic Testing Fraud Scheme

UNCLASSIFIED//FOR OFFICIAL USE ONLY

Fraudulent Telemedicine



Legal Telemedicine



\$ Illegal Kickbacks

(U) A visual representation depicting the differences between fraudulent telemedicine and legal telemedicine steps. (U//FOUO) Source: Graphic created by FBI Directorate of Intelligence, based on human source reporting from FBI investigations.