



## Fighting Fraud the Right Way

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To  
Pennsylvania House of  
Representatives  
Insurance Committee

By  
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President

Good morning. I'm James Goodyear, MD, president of the Pennsylvania Medical Society and also a practicing surgeon in Montgomery County.

Let me begin by thanking Chairman Deluca and the members of this committee for the opportunity to share with you our concerns regarding insurance fraud. We certainly welcome this dialog as we all strive for the better health of Pennsylvanians.

As you know, the Pennsylvania Medical Society represents physicians from every medical specialty throughout the Commonwealth. Not surprisingly, this issue is of great importance to the physician community and to the patients for whom we provide care.

As you might imagine, since we are the largest organization representing physicians in Pennsylvania, we take great pride in promoting excellence within our

medical communities. Professionalism at all levels of clinical medicine is our mantra. When it comes to insurance fraud, or any fraud for that matter, at the end of the day we all pay the price.

However, while our objective is to ulti-

mately rid the health insurance system of fraudulent activity, we must collectively agree to do so in a manner that does not unfairly single out a particular individual without due process. Don't get me wrong, we fully support appropriate measures to identify and hold accountable any health care provider who commits fraud. The key is "appropriate measures."

Suffice it to say, I believe that we all agree that insurance fraud drives up the overall cost of health care. But then again, there are a lot of cost drivers in our health care delivery system. Defensive medicine. Cutting edge medical technology and drug therapies. And of course, for those of us still practicing medicine independent of a large medical health system, a mind-blowing amount of administrative hassles thrust upon us by health insurers. In the normal course of my day I often feel like I jump through more hoops than a dolphin at Sea World!

With that said, let me assure you that our organization is passionate about doing everything we can to improve our health care delivery system.

And, we are anxious to work with you in an attempt to rid our current system of fraudulent activity. Working together, I believe that we can improve the existing system. Hopefully, if successful, we can make health insurance less expensive and more available to those who today cannot afford it. We are all very sensitive to that plight.

### HB 1750 and HB 2154

The basis of today's hearing is to discuss several insurance fraud bills. For the most part, we are comfortable with what the sponsors of these bills are intending to change. However, there are parts of House Bill 1750 and House Bill 2154 that cause us great concern and with which we strongly object. Let me be more specific.

We believe that language contained in these two bills could have the unintended consequence of adversely affecting a physician who without due process, has been unfairly identified of engaging in fraudulent activity. Again, if a physician has been legitimately found to have committed insurance fraud, we have no vested interest to protect him or her. At the same time, nothing could be more debilitating or professionally damaging than to be wrongly accused of fraud or incorrectly placed on an "industry watch list" or data base.

In House Bill 1750, for example, Section 1161 provides absolute

immunity to an insurance company for sharing information with designated individuals and entities... potentially the "watch list" or data base that I previously referred to. But what if that information isn't credible? What if it hasn't been substantiated? What if the physician in question has no idea an accusation has even been made? It is one thing to give insurers some level of immunity when they report "credible evidence" of fraudulent activity to law enforcement. But, to grant "absolute immunity" to an insurance company who has released "suspected evidence" without responsibly verifying its validity is analogous to McCarthyism.

Other problems exist with the language found in Section 1161. What if the information is shared in an act of bad faith or with malice? I would like to think that would never happen. But what if it did? Again, by giving insurers absolute immunity for sharing information, you could be giving the insurers far more power than you intended.

In our opinion, the bottom line is this. There needs to be a fair balance between removing barriers that impede identification of possible insurance fraud and protection against false accusations and innuendos. Unsubstantiated information being spread around the insurance industry regarding a physician has the real potential of ruining a physi-

cian's reputation and destroying a medical practice. I don't believe that you Mr. Chairman, or anyone on this committee, wants that to happen.

As a result, while we do not condone any physician who commits insurance fraud, we strongly, and respectfully, argue against giving insurers "absolute immunity" in this arena.

I hope you'll agree with me when I say that, with few exceptions, the overwhelming majority of physicians practice honestly each and every day. For that matter, all of us who provide care to patients are doing our level best to make the system work better.

Thank you for the opportunity to share with you our thoughts on insurance fraud and specifically House Bills 1750 and 2154. Though I am not an insurance industry expert, I'd be happy to take any questions you may have.

Thank you again.