THE Witness Chair

Leading-edge Ideas for CPAs Providing Litigation and Dispute Resolution Services

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Health Care Fraud

by Patrick D. Pilch, CPA
and Bill Bithoney, M.D.

Health care expenditures in the United States approached $3 trillion in 2012—and are growing at a rate of 3 percent each year. This amounts to approximately 18 percent of the nation's entire gross domestic product, making it the largest industry in the economy by far.

According to the National Health Expenditure Data from Centers for Medicare & Medicaid Services (CMS), the federal government is the largest payer, responsible for 26 percent of all health care expenditures. In this sense, all of us, including those in excellent health, pay for health care for the nation.

In addition to the cost of health care is the complexity of the system with multiple payers, varying quality of providers, federal and state regulations and mass migration to the adoption of electronic health records.

The dollars and complexity of the health care industry create opportunities for fraud. The U.S. government has made significant efforts to curtail fraud, waste and abuse in health care, but despite the effectiveness of these efforts, there continues to be billions of dollars lost every year due to criminal activities in the health care system.

The government uses data mining and analytics to capture and identify fraudulent activities. However, the Department of Health and Human Services (HHS) Office of the Inspector General (OIG) recently reported that there is a challenge in determining what is an actual fraud or intent to defraud.

Further, because of a past history of slow payments, Congress passed mandates for CMS to promptly pay providers, consequently precluding intensive evaluation of claims data prior to payment. CMS now pays first and evaluates *post hoc*.

Inflated Billing

One of the most prevalent forms of health care fraud involves pharmacies and prescription drugs. A pharmacist will provide a person with the medication prescribed while actually billing Medicare or Medicaid for more expensive drugs or drugs that the customer did not purchase.

Unfortunately, monitoring an individual's medication use is cumbersome and difficult. Frequently, randomized sample selection testing at pharmacies is the most efficient way to combat this type of fraud. However, this method is too often overlooked.

Upcoding of evaluation and management (E/M) services is another prevalent form of health care fraud, which involves fraudulent billings by physicians.

A study performed by the OIG reported that Medicare paid $32.3 billion for E/M services in 2010, of which a projected 21 percent—or $6.7 billion—was incorrectly coded or lacked documentation that year.

For Medicare reimbursement, the E/M service is billed based on a 1 to 5 level service code numbering system to account for the increasing levels of complexity of the visit. The payment rates for all E/M services ranged from $19 to $213 in 2010.

The largest amount of Medicare payments for E/M services in 2010 was for established patient office visits in which the OIG identified a shift in physician's billing from the three lower level E/M codes to the two higher level codes between 2001 and 2010.

This shift in coding resulted in physicians increasing billings by 17 percent.

Upcoding is difficult to detect through Medicare audits and is most commonly identified through whistleblowers. Computer analytics of abnormal billing patterns may increase detection in the growing use of electronic records.

Whistleblower Detection

The whistleblower program accounted for approximately 76 percent of total fraud cases brought to trial by the Department of Justice (DOJ) in the health care industry during fiscal 2013 with the remaining cases discovered by government task forces that developed systems and created new analytical tools to search for suspicious activity.

The DOJ reported that from these cases, the federal government was able to recover $2.9 billion, with $345 million being paid out to whistleblowers under the False Claims Act. The number of DOJ lawsuits resulting from whistleblowers has increased from an average of 300 to 400 per year between 2000 and 2009 to approximately 650 cases in 2012 and more than 750 cases in 2013.

This increase can partly be attributed to the Affordable Care Act of 2010, which provided additional incentives and protections for whistleblowers and strengthened the provisions of the federal health care Anti-Kickback Statute.

The types of fraud reported by whistleblowers vary from fraudulent claims to kickbacks and false marketing. A recent case brought to the DOJ involved Community Health Systems (CHS), the

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Section Action

Business Valuation

by Brian P. Brinig, CPA

To the surprise of most business appraisers, the California Code of Civil Procedure may consider them to be arbitrators, subject to all of the duties and responsibilities imposed on arbitrators by the law. The appraiser's violation of any of these duties subjects him or her to disqualification and vacating the appraiser's conclusion, which is considered to be the arbitrator's award.

The California Arbitration Act applies to a jointly retained, binding appraisal. CCP Sec. 1280 states, "'Agreement' includes, but is not limited to, agreements providing for evaluations, appraisals and similar proceedings …" Any agreement to refer disputes to a third person whose determination will be binding on the parties is an arbitration agreement, regardless of whether the term arbitration is used in the agreement.

Binding fact-finding proceedings by third persons, including valuations, appraisals and similar dispute-resolution procedures are generally considered to be arbitrations. *Miller & Starr* 12 Cal. Real Est. Sec. 35:22 (3rd Ed.)

A CPA may qualify as a neutral arbitrator per CCP Sec.1280(d): "'Neutral arbitrator' means an arbitrator who is … selected jointly by the parties." A neutral arbitrator is subject to the disclosure requirements in the Judicial Council's Ethics Standards governing arbitrators.

Ethics Standard 7 identifies the matters that must be disclosed by a person nominated or appointed as an arbitrator. The disclosure requirements are extremely strict, including disclosure when the arbitrator is serving, or in the past five years has served, as:

1. A neutral arbitrator in another prior or pending non-collective bargaining case involving a party to the current arbitration or a lawyer for the party; or
2. As a party-appointed arbitrator in another prior or pending non-collective bargaining case for either a party to the current arbitration or a lawyer for a party. Ethics Standard 2(m) defines "lawyer for a party" as "the lawyer hired to represent a party in the arbitration and any lawyer or law firm currently associated in the practice of law with the lawyer hired to represent a party in the arbitration."

Ethics Standard 7(d)(8) requires the arbitrator to disclose "other professional relationships" where presently or within the past two years the arbitrator associated "in the private practice of law" with the attorney in the arbitration, or a member of his or her immediate family, is or was an employee, expert witness or consultant for a party or attorney in the arbitration.

There are numerous disclosure and notice requirements set forth in CCP Sec. 1281.9 and the Judicial Council's Ethics Standards for neutral arbitrators. Suffice it to say that the requirements are strict and a jointly retained appraiser whose determination will be binding on the parties is considered, by law, to be an arbitrator, subject to all the disclosure requirements.

There seems to be a safe harbor: If the CPA appraiser is only retained to provide an advisory opinion that is not binding on the parties, it appears that the retention agreement is not an arbitration agreement.

Brian P. Brinig, JD, CPA *is former Business Valuation Section chair and founder of Brinig & Co., Inc., in San Diego.*

Economic Damages

by Haley J. Eckhart, CPA

Survey experts use statistical sampling to establish liability or damages in many types of litigation matters, including false advertising, trademark, trade dress, defamation and others. As damages experts, we may find ourselves relying on survey experts to provide estimates we use to calculate damages.

Last year, the California Supreme Court raised the bar on the use of survey evidence and provided useful guidelines for damages experts to consider before relying on the survey results of other experts.

In *Duran v. U.S. Bank* 59 Cal. 4th 1 (2014), the court addressed the use of statistical sampling to prove liability and damages in wage and hour class action cases. The *Duran* plaintiffs, employees who worked as business banking officers, sued their employer for unpaid overtime, alleging they had been misclassified as exempt employees.

The Supreme Court, concurring with the California Court of Appeal, found the *Duran* trial court relied on a statistical sampling approach that "was profoundly flawed because it prevented the employer from showing some class members were exempt and entitled to no recovery" and it "improperly extrapolated liability findings from a small, skewed sample group to the entire class."

While recognizing it is hotly contested whether statistical sampling can legitimately be used to prove a defendant's liability, the Court acknowledged that the use of statistical sampling to prove damages in overtime class actions is less controversial, in large part because the law tolerates more uncertainty with respect to damages than to the existence of liability.

By reviewing the statistical sampling flaws in *Duran*, the Court recapped common guidelines for the proper use of statistical sampling, including:

- the statistical sampling plan should be developed with the input of experts;
- each unit of the population must share the common characteristic being measured;
- a sample must be sufficiently large to provide reliable information about the larger group;
- a sample must be randomly selected for its results to be fairly extrapolated to the entire class; and
- the estimate produced by the sample must have a low margin of error.

However, in *Duran*, the Court provided no further guidance on using statistical sampling to prove liability and damages in class action cases, noting, "Questions about the use of statistical evidence to prove class-wide liability and damages are far from settled."

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Family Law

by Mike Radakovich, CPA

Income is income, right? So why is "income for support" so challenging?

The definition of gross income contained in California Family Code Sec. 4058 is lifted, almost word for word, from IRC Sec. 61. However, the similarities stop there, since their objectives differ.

The Internal Revenue Code's objective is to raise revenue for the federal government; whereas the purpose of determining income for the California Family Code is to satisfy the statutory obligation of parents " … to support their child in the manner suitable to the child's circumstances." While there are many differences between the tax law and family law definition of income, the following are a few items specifically excluded from 'income' for tax purposes.

Certain death benefits: California family law also excludes life insurance proceeds from the definition of income, although if the proceeds are significant and "under invested," income may be imputed. The Court found, among other things, that life insurance proceeds did not comport with the "… traditional understanding of 'income'" is the gain or recurrent benefit that is derived from labor, business or property." *Marriage of Scheppers* (2001) 86 CA4th 646.

Gifts and inheritance: This may be a difference between income tax and family law definitions. Although one-time gifts are generally not considered income for family law purposes, gifts received on a regular basis may be considered income. The theory here is that the gifts meet the traditional meaning of income, "as a recurrent monetary benefit." *Marriage of Alter* (2009) 171 CA4th 718, 736-737, 89 CR3d 849, 863.

Interest on state and local bonds: To encourage investments in state and local governments, income tax law excludes interest earned on state and municipal bonds. Since California family law has no such altruistic objectives, state and municipal bond income is added back when determining income available for support.

Compensation for injuries or sickness: Just as it is for taxes, it depends. Workers' compensation payments and disability insurance payments are income under Family Law Code Sec. 4058. Awards for personal injury that include a specific amount for compensation or loss of earnings is deemed includible as income. The problem the courts have run into is when the payments are reduced to a single lump sum payment rather than paid out for life. In these situations it is up to the court's discretion.

However, if the award is an unallocated lump sum payment for personal injuries, then this is generally excluded from income available for support. *Marriage of Heiner*, supra, 136 CA4th at 1522, 39 CR3d at 736-737.

Amounts received under accident and health plans: See above.

Contributions by employer to accident and health plans: Like tax law, these are specifically excluded from income under Family Code Sec. 4059(d).

As the above demonstrates, relying on tax law for the definition of income is not an assurance that the particular item will or will not be included in income for family law purposes. Furthermore, the above is not an all-inclusive list of the differences—others include lottery winnings, capital gains and other taxable items not included as income for family law purposes

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MessagefromtheChair

by Martin G. Laffer, CPA

I am honored to serve as chair of the Forensic Services Section. Since becoming a member of the steering committee, I have been impressed with the caliber of its members and the level of discussion. The same dialogue, by highly experienced practitioners, occurs at the section and chapter meetings. Sections, consisting of Business Valuation, Economic Damages, Family Law and Fraud, are held two to four times a year, rotating between Northern and Southern California. The local Forensic Services/ Litigation Chapter Committees meet throughout the year.

The mission of CalCPA is "… to increase the value and promote the integrity of the CPA profession, contribute to the success of our members, and strengthen client, employer, public and government trust in CalCPA member advice, work products and opinions." It is in the same spirit that the Forensic Services Sections exist.

California is on the leading edge of the profession, particularly with regard to forensic services. Our members are active in AICPA forensic committees and participate in national conferences. The Sections have issued practice aids and developed guidance to California practitioners. Everett Harry, a former FSS chair, and Jeffrey Kinrich, an FSS Steering Committee member, are co-editing and authoring a new lost profits text along with national valuation experts, including a number of California practitioners.

I am a member of the Fraud Section, and practice in the areas of white-collar criminal defense, and, particularly, tax controversy. In recent months I have received phone calls from attorneys and clients who were contacted by people impersonating IRS employees. Callers were extremely aggressive and threatened the party with immediate arrest unless past due taxes were paid within the hour. The caller ID reflected "IRS" and a 202 area code (Washington, DC). The recipients of these menacing calls were unnerved, and called me for advice.

Special Agents of the Treasury Inspector General for Tax Administration advised me that this is a pervasive problem and that many citizens have been scammed of thousands of dollars by the aggressive intimidation tactics. They believe the calls are originating outside of the U.S. and the caller is spoofing the caller identification. Beware—and warn your clients.

— **Martin G. Laffer, CPA** *is a partner with Laffer and Gottlieb in Beverly Hills.*

Keepin' It Legal

Marriage of Valli: The Tune is Transformation

by Eileen Preville, Esq.

***In re the** Marriage of Valli* (2014) 58 Cal.4th 1396; 171 Cal.Rptr.3d 454 is a California Supreme Court case that clarifies existing law on the application of the characterization presumptions and on the requirements for an effective transmutation.

Frankie and Randy Valli were married for 20 years. Approximately six months prior to the their separation, Frankie purchased a life insurance policy on his life with a death benefit of $3.75 million, naming Randy sole owner. The funds used to purchase the policy and to pay the premiums during the period from purchase to the date of separation were drawn from a joint bank account and were community funds.

In the dissolution action, Randy argued that placing the policy in her name alone at acquisition transmuted the policy into her separate property. Frankie argued that the policy was community property because it was purchased during marriage with community funds.

The trial court found that the policy was community property (Family Code Sec. 760) and that the requirements for a transmutation (Family Code Sec. 852(a)) had not been met. The Court of Appeal reversed, concluding that because the acquisition transaction was between the insurance company and Frankie, Family Code Sec. 852 did not apply, and that Evidence Code Sec. 662 [titled property is presumed to be owned by the titled owner] "trumped" the community presumption of Sec. 760, and therefore the policy was the separate property of Randy.

The California Supreme Court reversed, agreeing with the trial court that the presumption of Sec. 760 applied, and that the transaction did not meet the requirements of Sec. 852; therefore there was no enforceable transmutation.

Family Code Sec. 760 provides: "Except as otherwise provided by statute, all property, real or personal, wherever situated, acquired by a married person during the marriage while domiciled in this state is community property." This presumption can be rebutted by tracing the source to separate property. *In re Marriage of Lucas* (1980) 27 Cal.3d 808 at 815.

Family Code Sec. 850 allows married persons to change (transmute) the character of property from separate to community, and from community to separate by agreement or transfer, with or without consideration.

A transmutation "is not valid unless *made in writing by an express declaration that is made, joined in, consented to, or accepted by the spouse whose interest in the property is adversely affected*." Family Code Sec. 852(a) (emphasis added).

> The *Valli* case solidifies and clarifies existing case law. Property acquired during marriage is presumptively community property.

The express declaration required by the statute must clearly demonstrate an intention to change the character of the property. Putting the property in one party's name without a writing that clearly demonstrates an intention to change the character of the property is not enough. *In re Marriage of Barneson* (1999) 69 Cal.App.4th 683; *Estate of Bibb* (2001) 87 Cal.App.4th 461; 104 Cal. Rptr.2d 415; *Estate of MacDonald* (1990) 51 Cal.2d 262; 272 Cal.Rptr. 153.

Family Code Sec. 852(c) creates a limited exception to the writing requirement: "This section does not apply to a gift between the spouses of clothing, wearing apparel, jewelry, or other tangible articles of a personal nature that is used solely or principally by the spouse to whom the gift is made and that is not substantial in value taking into account the circumstances of the marriage."

Given the facts in *Valli*, the writing requirement of Sec. 852(a) applies, and the gift exception does not. A life insurance policy does not fall within the listed categories of property that qualify as an exception under Sec. 852(c).

Exceptions must be construed narrowly. *In re Marriage of Buie and Neighbors* (2009) 179 Cal.App.4th 470; 102 Cal.Rptr.3d 387. [A purported gift of an automobile is not exempted from the requirement of a writing under Sec. 852(c) because it is not a tangible article of a personal nature.]

The Supreme Court reasoned that the legislative purpose of Sec. 852—to block claims of transmutation based on easily manipulated and unreliable evidence—would not be served by Randy's interpretation of the statute.

The Court used the example of a gift of jewelry to illustrate the point: under Randy's theory, if Frankie took Randy to a jewelry store, purchased an item of jewelry that was "substantial in value taking into account the circumstances of the marriage" and handed it to her in the store, it would be Randy's separate property.

But, under the same facts, if Frankie purchased the jewelry and waited to present it to Randy later, such as her birthday party, it would be community property. The Court states that the statute did not intend inconsistent results such as these. The statute was adopted to provide consistency.

A further and perhaps better hypothetical was offered: at the point of purchase of the policy, assume that Frankie had put the ownership of the policy in both names, and then later, when advised by an estate planning attorney, transferred ownership to Randy alone. Under Randy's theory, this scenario would result in the policy remaining community property (since there was no writing and no express declaration of the intent to change the character of the policy).

As stated by the Court: "… under the analysis urged here by wife, whether the transmutation statutes apply to the insurance policy depends upon the fortuitous circumstance of when she acquired sole title to the insurance policy, whether during the purchase or after the purchase of the policy. We are unwilling to conclude the Legislature intended application of the transmutation statutes to turn on such fortuitous distinction."

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AICPA Alert

by Tim L. Bryan, CPA and and Annette M. Stalker, CPA

The 2014 AICPA Forensic and Valuation Services joint conference was held Nov. 9-11 in New Orleans. New to this year's conference were two Hands-On tracks and a NextGen program for emerging FVS professionals.

The Hands-On tracks provided forensic accounting and valuation professionals the opportunity to work with case scenarios, facts and documents to simulate an actual case from planning to reporting results. There was favorable response to these tracks based on the high turnout for each session. It is anticipated that more such sessions will be developed for next year's conference.

The NextGen program was developed to reach newer forensic and valuation practitioners and provided a special program and pricing designed for the future generation of practitioners. This year, 30 people with five or fewer years of forensic or valuation services experience attended the NextGen program, which featured an intensive pre-conference workshop focused on professional development, building credibility and communications.

CalCPA member Greg Regan was the chair for the forensic side of the conference for 2014 and will continue in that role for the 2015 conference. We had several CalCPA Forensic Services Section Steering Committee members as speakers at this year's conference, including Tim Bryan, Barbara Gottlieb, Ted Israel, Greg Regan, Annette Stalker and Mike Ueltzen.

The 2015 Forensic and Valuation Services Conference will be held Nov. 8-10 in Las Vegas. If you have ideas for sessions or speakers, specifically Hands-On topics, contact Greg Regan at *regang@hemming.com* or Annette Stalker at *annette@stalkerforensics.com.*

AICPA Resources

The AICPA Forensic and Valuation Committees and Task Forces continue to prepare new and update existing resources for practitioners. Visit *www.aicpa.org/FVS* and click on "FVS Online Professional Library" from the Quick Links option.

The most recent publication available is the Forensic Accounting—Fraud Investigations Practice Aid. This is a resource intended to provide forensic accountants with a framework for understanding the scope of services, administrative considerations and investigative techniques that are typically involved in forensic accounting engagements. This practice aid discusses the practitioner's responsibilities, opportunities and assignments only in the context of forensic accounting services.

Tim L. Bryan, CPA, CFF, CITP, CISA, EnCE *is a director at Crowe Horwath LLP in Sacramento.* **Annette M. Stalker CPA, CFF, CITP, CFE** *is the owner of Stalker Forensics in Sacramento.*

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After dispelling the theory that Sec. 852 did not apply because the policy was purchased in a transaction by Frankie with a third party, the Court also rejected the theory that the title presumption of Evidence Sec. 662 trumps the characterization presumption of Family Code Sec. 760.

Evidence Code Sec. 662 provides: "The owner of the legal title to property is presumed to be the owner of the full beneficial title. This presumption may be rebutted only by clear and convincing proof."

The Court's response to this argument was: "Assuming for the sake of argument that the title presumption may sometimes apply, it does not apply when it conflicts with the transmutation statutes."

The principal case on this issue cited by the now reversed decision of the Court of Appeal was *In re Marriage of Brooks & Robinson* (2008) 169 Cal.App.4th 176. In *Brooks*, wife had sole title to real property acquired during marriage, and unilaterally conveyed the property to a third party for consideration. Husband challenged the validity of the transfer, and the only issue before the court was whether the purchaser was a bona fide purchaser (BFP) for value.

As a BFP, the purchaser did not take the property subject to husband's claims. Clearly stating that it was not resolving the underlying family law claims between the husband and wife, the Court found that as between a third party (here the purchaser) and husband, Sec. 662 applied. *Brooks* cannot be cited for the proposition that as between spouses, Sec. 662 trumps Sec. 852.

Parties are advised by estate planning counsel to place high payout life insurance policies in a life insurance trust or in the name of the beneficiary to avoid having the policy payout included in the taxable estate of the insured.

The purpose is estate tax planning, not divorce planning. We have seen decisions that create confusion and uncertainty in the intersection of estate planning and family law.

For example, compare *In re Marriage of Holteman* (2008) 166 Cal.App.4th 1166; 83 Cal.Rptr.3d 385 with *In re Marriage of Starkman* (2005) 129 Cal.App.4th 659; 28 Cal.Rptr.3d 639. The clarity of *Valli* is a breath of fresh air.

The *Valli* case solidifies and clarifies existing case law. Property acquired during marriage is presumptively community property.

To change the character of property subject to this presumption, the property must either be traced to a separate source, or must be transmuted under Sec. 852, requiring under all circumstances excepting those set forth in Sec. 852(c), that there is a writing and that the writing must clearly indicate a change in character of the property.

Eileen Preville, Esq., *an FSS associate member, is a certified specialist in family law, limiting her practice to private adjudication and is based in Oakland.*

The Witness Chair is Going Digital

The Forensic Services Section has determined that a more effective method of delivering *The Witness Chair* is electronically. There will be a one-year transition period to capture email addresses from judges, attorneys and other related parties that receive the newsletter.

If you would like to continue receiving *The Witness Chair.* please send an email to *witnesschair@calcpa.org* that includes: your name, preferred email address, firm/court and preferred mailing address.

HAPPENINGS

FORENSIC SERVICES SECTION 2015-16 MEETING DATES

All Sections Joint Meeting	May 29	LAX
	Oct. 29	OAK
	May 20, 2016	LAX
Business Valuation	Feb. 19	LAX
	Aug. 20	OAK
	Feb. 18, 2016	LAX
Economic Damages	Feb. 25	LAX
	Aug. 27	LAX
	Feb. 24, 2016	LAX
Family Law	Feb. 20	LAX
	Aug. 21	OAK
	Oct. 30	OAK
	Feb. 19, 2016	LAX
Fraud	Feb. 26	LAX
	Aug. 26	OAK
	Feb. 25, 2016	LAX

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CalCPA Education Foundation Conference and Course Offerings
(800) 922-5272 or *www.calcpa.org*.

Other efforts focus on codes that can "never" exist together or are mutually exclusive, as well as on claims that are outliers of both inpatient care and outpatient care. Efforts such as those used to data mine fraudulent claims have resulted in the 16:1 rate of return mentioned above. More sophisticated software tools are being developed to identify fraud.

We must be able to measure fraud and properly account for it to take the appropriate action against fraudulent activities. Reducing fraud by 5 percent per year would equal savings of $14 billion per year. These savings should be directed toward improving care to the patient, allowing for care to be delivered at the right time, at the right location, for the right cost.

Substantially reducing health care fraud, waste and abuse may be the biggest opportunity for developing a more rational federal budget while improving the health of our country.

Patrick D. Pilch, CPA *is managing director at BDO Consulting and national healthcare advisory leader in the BDO Center for Healthcare Excellence and Innovation.* **Bill Bithoney, M.D., FAAP, FAANP** *is a managing director and Chief Physician Executive in the BDO Center for Healthcare Excellence and Innovation.*

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nation's largest operator of acute care hospitals. The DOJ reported in August that CHS agreed to a settlement of $98 million under the False Claims Act. The company made claims to the government for unnecessary inpatient admissions that should have been billed as outpatient or observation services.

Cost of Fraud

The U.S. government has attempted to reduce health care waste and fraud. In the 2015 annual budget for HHS, the White House set aside $25 million to monitor and prevent fraud, waste and abuse. As explained in a report by BDO LLP, *The Financial Cost of Healthcare Fraud*, the "U.S. recovers $16 for every $1 it spends fighting civil health care fraud." However, this is simply not enough.

The report further reveals that the average annual estimated cost of health care fraud in the United States is almost 7 percent of total spending; so of the $2.8 trillion spent in the last year on health care, $196 billion will be lost to fraud.

In August, the *Wall Street Journal* reported that in 2013, federal agents were able to claw back $2.86 billion. Given the volume of health care fraud, CMS has a long way to go. This amount could otherwise be spent investing in improving healthcare practices, providing more appropriate access and other social services.

Future of Fraud Investigation

While health care fraud cannot be eliminated, it can be monitored and greatly reduced. The foundation of effective analytics is the quality of the data analyzed. Bad data results in ineffective analytics.

Intensive efforts are under way to evaluate suspicious coding errors and charges. For example, CMS has established standardized payments, which are all inclusive for treatment of multiple diseases and surgeries. Medical providers may instead try to code their bills such that each aspect of the treatment is billed separately.

This "unbundling" of services into their component pieces, instead of coding as a single entity, results in excessive and thus fraudulent overpayments to providers.

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