

Crime in the Time of Coronavirus



Jennifer Trussell
Consultant

If there can be love in the time of cholera, there can be crime in the time of coronavirus – and this pandemic certainly did not disappoint. Pandemic profiteering and coronavirus cons are surging as fast as the virus. Let's take a closer look at this sordid affair.

Types of COVID Fraud Schemes

The Federal Trade Commission (FTC) reported their first COVID-related fraud complaint in January 2020. They continue to track pandemic trends (including stimulus program fraud) and provide useful statistics regarding the amount and type of COVID fraud complaints on their [website](#). Consumer alerts from the FTC, SMP, and the U.S. Department of Health & Human Services Office of Inspector General (HHS OIG) describe a veritable buffet

of pandemic-related fraud that can be sorted into categories. Fraud cases are often categorized by the type of fraud (such as hospital services or medical transportation) and the type of allegation (such as misrepresentation or billing for services not rendered). Analysis of COVID-related complaints, including but not limited to data from the SMP's complaint reporting system, show several common fraud types that consistently top the list.

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Testing, Treatment, Vaccines, and Cures

The largest category of complaints appears to center around COVID testing, treatment, vaccines, and cures. Most treatment scams are related to products that falsely claim to be effective against the coronavirus and include unapproved medications, supplements, creams, teas, and even toothpaste. The majority of these products haven't been evaluated by the Food and Drug Administration (FDA) for safety or effectiveness and some can cause dangerous side effects – including harmful interactions with prescription medications. While there is no FDA-approved cure for

COVID at the time of this publication, that doesn't stop snake oil salesmen from advertising them. Sham cures have ranged from colloidal silver products to cannabidiol (CBD) creams, and there is a particular concern that individuals will forgo appropriate medical care in the hope of a false cure. One individual touted a "[patent-pending cure](#)" for COVID in a March 2020 Instagram post that was viewed by over a million people in three days.

Experienced fraud fighters know that medical and financial identity theft are common factors in medical scams, and they appear to be primary objectives of COVID testing and vaccine schemes. Early in the pandemic, high consumer demand for testing combined with limited testing capacity created a vacuum

that scammers quickly filled. Sham testing sites and home test kits were heavily advertised on social media and the internet – specifically targeting consumers desperate for a test. There is growing concern that viral tests conducted at phony test sites or mailed as home test kits could be inaccurate and potentially result in false negatives. False negative test results could cause further spread of the coronavirus by individuals who believe they are not infected.

Some scammers are also illegally using official and look-alike government logos on emails to add legitimacy to fake testing and vaccine schemes, and others lure consumers into false vaccine trials. Other criminals are posing as contact tracers for the sole purpose of committing medical identity theft. This victimizes individuals at a vulnerable time and erodes trust in a critical process during the public health emergency.

Medical Supplies and Equipment

Another major category of COVID-related fraud is medical supplies and equipment related to the pandemic. During the initial days of the public health emergency, the internet was awash with stories of consumers who received flimsy face coverings when ordering expensive, professional-grade masks. Adulterated and misrepresented medical supplies were as common as rumors about the pandemic. The bigger story is that hospitals and clinicians were also victimized by criminals willing to put front-line medical workers at risk to line their pockets with illegal proceeds. Medical institutions desperate for surgical masks,

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gloves, and sterilization supplies attempted to locate personal protective equipment (PPE) for their clinicians from any available source. Fraud schemes of this type escalated so rapidly that the Department of Justice (DOJ) initiated a COVID-19 Hoarding and Price Gouging Task Force in March 2020. Career criminals don't think twice about victimizing those at risk – or those who risk their lives to save others.

COVID-related Medical Services

While much of the increase in fraud can be attributed to career criminals, the relaxing of regulatory requirements and processes during the public health emergency also makes it easier for dishonest providers and medical entities to engage in fraudulent activity. Telehealth (aka telemedicine/teledoc) services are a valuable resource during a public health emergency, and there is certainly an understandable push to use this method of health care delivery, but this type of service is not immune to dishonest providers who use it to commit fraud. Examples of telehealth fraud can include misrepresentation of a clinician's professional certifications (such as a medical assistant being misrepresented as an MD) or billing for visits or services that were never performed. Consumers should be wary of unsolicited offers of telehealth services in conjunction with COVID testing and treatment and be especially cautious of telehealth providers who offer add-ons such as pain creams, genetic testing, and orthotics and braces.

Other COVID-related medical services include hospital and nursing homes, home health, hospice, medical transportation, and behavioral health. Hospitals and nursing homes may falsely diagnose patients with COVID simply to bill at a higher rate. Corrupt home health and hospice providers may offer unsolicited services such as housekeeping and misrepresent the charges as medical care to Medicare and other insurance programs. This puts both the program and patient at risk for potential denial of needed services at a later date. Medical transportation providers may upcode the level of service when transporting a patient with COVID, and behavioral health companies may try to bill for psychotherapy telehealth services that were never rendered.

Prescription drug schemes were a concern prior to the pandemic, and criminals found creative ways to use the fear of COVID

to their advantage to commit new medication scams. Some beneficiaries are reporting official-sounding and unsolicited calls from individuals purporting to be from Medicare who want to refill their prescription or even come to their home to provide coronavirus testing due to their medication history. Other schemes include pop-up internet pharmacies that appear to offer discounts on mail-order prescription medications due to the pandemic but are just a cover for medical identity theft.

Other Pandemic Fraud

A public health emergency is an open invitation for opportunistic fraudsters, and robocalling seems to be all the rage this pandemic. Scammers are using robocalls to pitch everything from medical supply investment opportunities to work-at-home schemes. Robocalls during this time are a perfect storm because more people are confined to home and may be awaiting word from loved ones so they're more likely to answer the phone. However, whether the offer is received by phone, email, or carrier pigeon, it's important for consumers to do their homework regarding "too-good-to-be-true" health insurance offers, free services or items, and melt-your-heart charity donation requests.

Consumers should also be cautious about posting their symptoms, health status, or even frustrations about the unavailability of treatment and testing on social media. This can be an invitation to con artists to contact the individual. For example, someone posts online about the fact they finally got a coronavirus test and within hours they get a call from a "nurse" who tells them not to panic but they tested positive. As a result, the nurse needs their medical insurance and credit card number to call in a prescription and overnight their medicine. This could be fraud and has the potential for financial and medical identity theft. Seniors should be particularly wary about door-to-door sales, especially those that give no notice and are unsolicited. Senior apartments, assisted living facilities, community centers, and even retail parking lots are being targeted – in hopes of capitalizing on fear and loneliness during this unprecedented time.

Enforcement Action

Although law enforcement is often reactive in nature, there was an impressive and immediate response (including the formation

of multiple task forces) to combat pandemic-related fraud. As early as March 2020, the U.S. attorney general issued a [memo](#) indicating that "every U.S. Attorney's Office is thus hereby directed to prioritize the detection, investigation, and prosecution of all criminal conduct related to the current pandemic." Press

releases regarding pandemic-related crime are a frequent occurrence in the daily news and contain a surprising variety of COVID cons, including those related to the Medicare program.

In a case investigated by multiple agencies, including the OIG, a man was arrested in a scheme to defraud Medicare of at least \$5.6 million. According to the DOJ press release, the individual applied for several Paycheck Protection Program (PPP) loans in the name of a pharmacy and durable medical equipment company he owned in Florida and potentially used the proceeds to further the scheme. The scheme includes allegations of false and fraudulent claims for medically unnecessary and misrepresented orthotic braces billed to Medicare. In some cases the Medicare beneficiaries claimed they did not authorize their Medicare number to be used and/or never received the braces. It is important to note that a criminal complaint is merely an allegation and all defendants are presumed innocent until proven guilty beyond a reasonable doubt in a [court of law](#).

While the daily headlines warn of surge capacity within the health industry, another concerning consequence of the public health emergency is law enforcement surge capacity. Law enforcement officers are pulled for numerous additional duties during any type of emergency and are more at risk for illness and injury due to their professional responsibilities. As crime spikes, enforcement resources can be spread thin. Fortunately, the combined and cooperative efforts of multiple agencies keep the crooks on the run. The National Center for Disaster Fraud (NCDF) is an agency within DOJ that is dedicated to the detection, prevention, investigation, and prosecution of criminal conduct related to public emergencies such as the coronavirus. Information on NCDF and DOJ efforts regarding COVID fraud can be found [here](#). Resources from this [HHS OIG webpage](#), including a COVID-specific fraud alert and public service announcement video, may also be of interest.

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The Next Wave

Predicting the next wave of COVID fraud is no easy task given the ever-changing nature of the pandemic and the broad scope of criminal activity that is associated with any type of public health emergency. However, it is a safe bet to focus on high-volume service areas, both geographically and by medical procedure and type. For example, the increase in telehealth services during the pandemic made “add-on fraud” (back braces and genetic tests) an easy target for scammers. In addition, the rising need for mental health services is an area to watch. It is well known that fraudsters often work in large metropolitan areas due to the high number of potential victims, but small towns and rural areas are no longer spared due to far-reaching telemarketing, robocall, and internet scams. It’s also important to note that fraud schemes mutate just like viruses – and the next fraud mutation is anyone’s guess. However, following the money is a smart place to start. Stay safe and be on the lookout for COVID crooks. To assist, the SMP National Resource Center created a [COVID-19 Fraud page](#) that includes links to fraud alerts, infographics, a training, videos, and tip sheets; some of these resources are in both English and Spanish. ↗

For More Information

Read Mike Klug’s May Messenger story [COVID Crisis Prompts Health Emergency Declarations and Regulatory Flexibility](#). It can be found in the resource libraries of the SHIP TA Center and the SMP Resource Center.