FACT SHEET: FRAUD MAPPING TOOL
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For too long we have tolerated a government that is wasteful of Americans' tax dollars and unresponsive to Americans' needs. The Obama Administration is changing how Washington does business – bringing a new sense of responsibility for taxpayer dollars by eliminating what doesn't work and cracking down on waste and by making government more open and responsive to the American people.

Each year, the federal government wastes billions of American taxpayers' dollars on improper payments to individuals, organizations, and contractors. These are payments made in the wrong amounts, to the wrong person, or for the wrong reason. In 2009, improper payments totaled nearly $110 billion, the highest amount to date.

The federal government must find new and more sophisticated solutions to address this longstanding problem. Fortunately, there are emerging technologies being deployed today that are showing great results in identifying fraud and error. Specifically, the Recovery Accountability Transparency Board (RATB) has deployed a cutting-edge fraud mapping tool that leverages the latest technologies in data capture and analytics. The tool gathers enormous quantities of information in real time and then analyzes the data and helps connect the dots to identify indicators of possible fraud or error. The success of this tool is an important part of why instances of fraud in the Recovery Act are low.

Today, we are expanding the use of this type of tool across government, and doing it first at the Centers for Medicare & Medicaid Services (CMS) for the two programs it runs. We are starting our efforts at CMS since Medicare and Medicaid combined had about $65 billion in improper payments in FY 2009 –including about $47 billion in Medicare alone - with fraud being a contributor to this problem over time.

Specifically, this new fraud detection tool will help CMS handle the thousands of tips it receives through its 1-800-MEDICARE system. In addition, there will be a pilot in which this data analytics tool is used to identify suspect providers among a list of providers in a particular geographic region of the country where fraud has been identified. The results will help to validate those providers already identified as high-risk and to identify additional high-risk providers who had previously been deemed legitimate by the current agency process.

Once these efforts are underway and evaluated, the results will be assessed as we plan to roll this tool out to other areas across the federal government.

HOW THE FRAUD MAPPING TOOL WORKS: A RECOVERY ACT EXAMPLE

This cutting-edge fraud mapping tool is an effective way to connect disparate points of information to paint a fuller picture for an investigator. To illustrate this, consider the example below provided by the RATB:

"A complaint was received through the Recovery Board Fraud Hotline in which an individual claimed he had insider knowledge of Recovery Act contracts being awarded to preferred contractors without being competitively bid.

Using the ROC's state-of-the-art analytical platform, an analyst queried the information in the Hotline complaint and discovered several interesting non-obvious relationships between the subject of the complaint and other entities. The subject named in the complaint was affiliated with nearly half a dozen other companies (operating under the same parent company but in different addresses and with different DUNS numbers). Also using the analytical platform, the analyst determined that four of the five companies identified had been debarred for fraudulent activities. The subject was also determined to have been previously debarred, as were several of his close relatives. The one company that was not debarred was the recipient of the Recovery Act award in question. Finally, the analyst was able to determine that the award was given within a matter of days after the other affiliated companies were debarred. The analyst then used the platform to "build out" a timeline of these activities."