

OIG Puts Muscle Behind Its Latest Fraud Alert

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Only two days after releasing its latest [fraud alert](#), a deputy director from HHS's Office of Inspector General announced that the OIG will be hiring additional attorneys to look into taking more administrative actions against physicians in their individual capacity. This announcement emphasizes that the OIG means serious business – not only is the OIG shifting its focus to the physicians themselves, but it is hiring a team of attorneys as further enforcement. In a related development, the Department of Justice recently reached a record settlement with a skilled nursing facility for paying physicians as medical directors under false contracts. This confirms that while the OIG is broadening its enforcement to individual physicians, the entities are not off the hook.

According to the Deputy Administrator and Director with CMS's Center for Program Integrity, waste accounts for 30% of overall healthcare costs. It is increasingly clear that HHS intends to significantly reduce that percentage by now focusing on individual physicians rather than only going after the organizations that pay them.

[Last week](#), we wrote about the OIG advising physicians to ensure their compensation arrangements reflect fair market value for *bona fide* services the physicians actually provide. In particular, the OIG mentioned medical directorships, which put physicians in a key position to generate business for the entity.

For those who missed our previous article, we noted that physicians should be careful to ensure their medical director agreements – in fact, any financial arrangement, such as office staff arrangements, contain fair market value compensation for services they actually provide. Moreover, it is important for all physicians to begin building evidentiary support (e.g., documenting time spent performing tasks under the agreement) in case the agreement is challenged. Documentation will be important in order to show that compensation was in fact based on the services provided rather than for a physician's past or future referrals.

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