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foreSight  
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## Beyond Detection: Fraud, Waste and Abuse in Healthcare

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# *The Scale of the Problem*

*For every*

**R100**

*paid out by medical schemes*

**An estimated R10 to R15 is lost  
to FWA.**

## **Rising Healthcare Costs**

Premiums increased as losses are compounded year on year

## **Member Affordability**

Ultimately, members are paying through higher contributions

## **Scheme Sustainability**

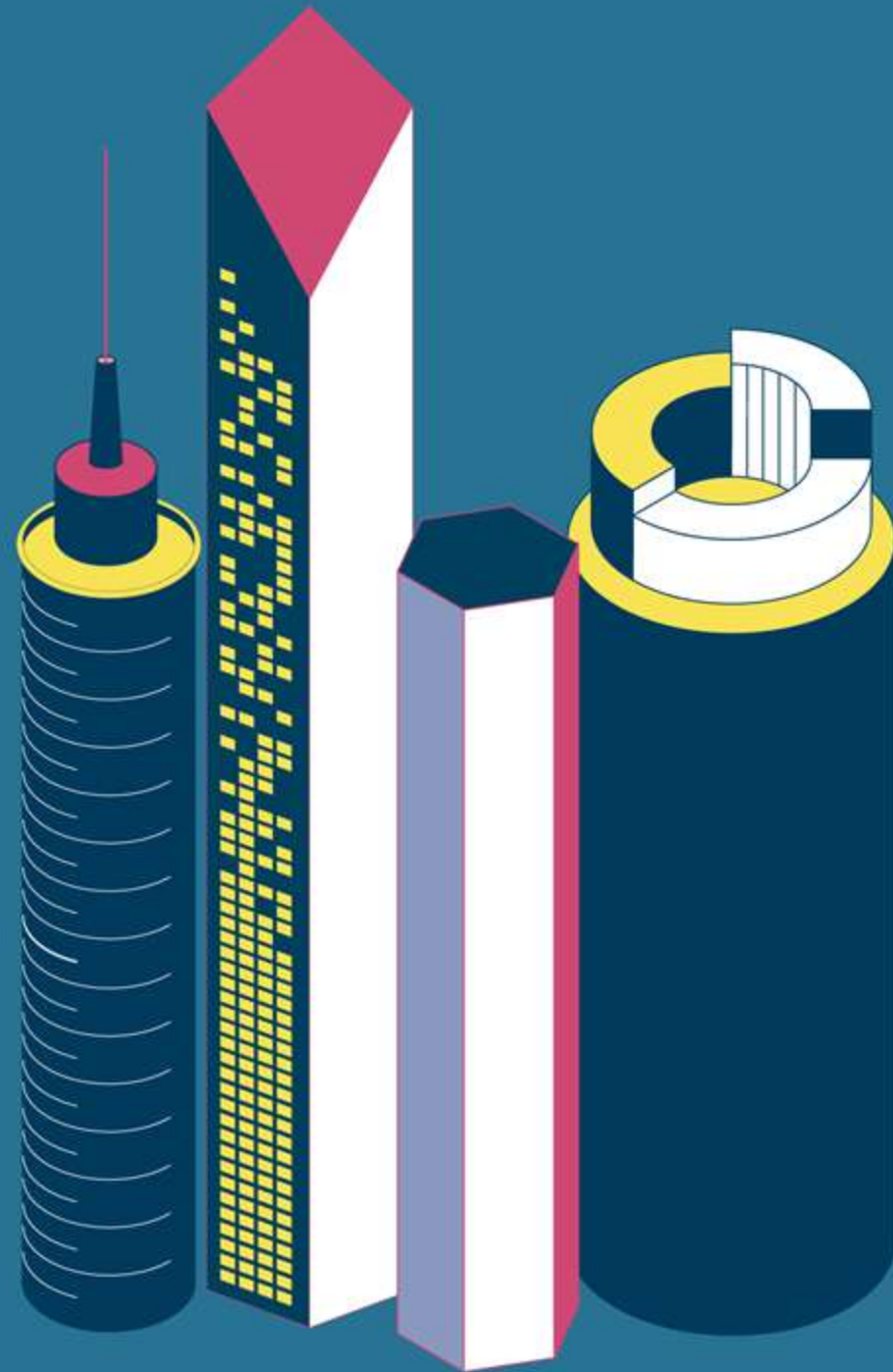
Increased exposure to FWA affects scheme sustainability

# What Is FWA<sup>E</sup>?

**Consider this:** A provider bills for a procedure that wasn't performed.  
They routinely prescribe brand-name medication when generics are clinically equivalent.  
They admit a patient to hospital so that a required test can be funded from in hospital benefits.  
And their billing clerk captures the wrong procedure code by mistake.  
*Same practice. Same week. Four different problems.*

FRAUD	WASTE	ABUSE	ERROR
<p>Intentional deception or misrepresentation for financial gain</p> <hr/> <p><i>e.g. Billing for services not rendered</i></p>	<p>Overutilisation or inefficient use of healthcare resources</p> <hr/> <p><i>e.g. Unnecessary use of brand medication</i></p>	<p>Practices that exploit the system in ways inconsistent with accepted medical or billing standards</p> <hr/> <p><i>e.g. Admitting a patient to hospital so that a required test can be funded by the scheme</i></p>	<p>Unintentional mistakes in billing or coding that result in incorrect claims</p> <hr/> <p><i>e.g. Wrong procedure code submitted due to an admin or system error</i></p>

FWA hides in plain sight. Not all anomalies are intentional — but all of them have a cost. Context is everything.



## *Our Tools Have Never Been More Sophisticated*

*And yet — here we are, still talking about the problem.*

- ✓ Rule-based systems & automated flags
- ✓ Predictive analytics & machine learning
- ✓ Anomaly detection & outlier scoring
- ✓ Provider profiling & peer benchmarking
- ✓ Retrospective claims review & audits

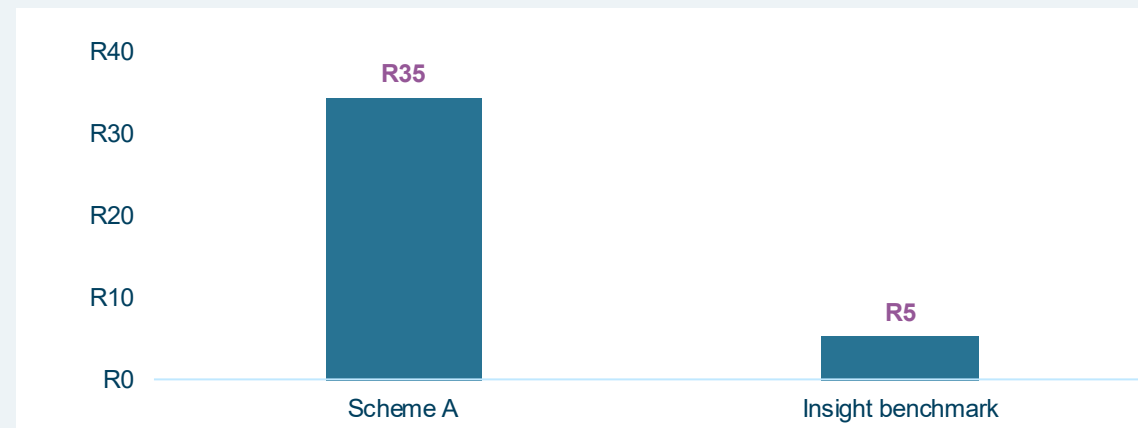
*The industry is becoming more effective at detecting anomalies — but detection alone isn't the finish line.*

# When Intervention Works – Scheme A

*Before Interventions*

## SCHEME A

PLPM spend for a particular allied health discipline in 2022



Scheme A's expenditure PLPM is 600% higher than that of the insight benchmark.

Such a large variation from market norms is highly unusual.

PLPM Spend by Province for a particular allied health discipline

Province	Expenditure PLPM	Variation relative to national norm
Gauteng	R114.62	232.4%
KwaZulu-Natal	R184.00	433.6%
Other	R4.25	-87.7%
Total	R37.08	7.5%

It is highly unusual that expenditure is largely limited to just two provinces.

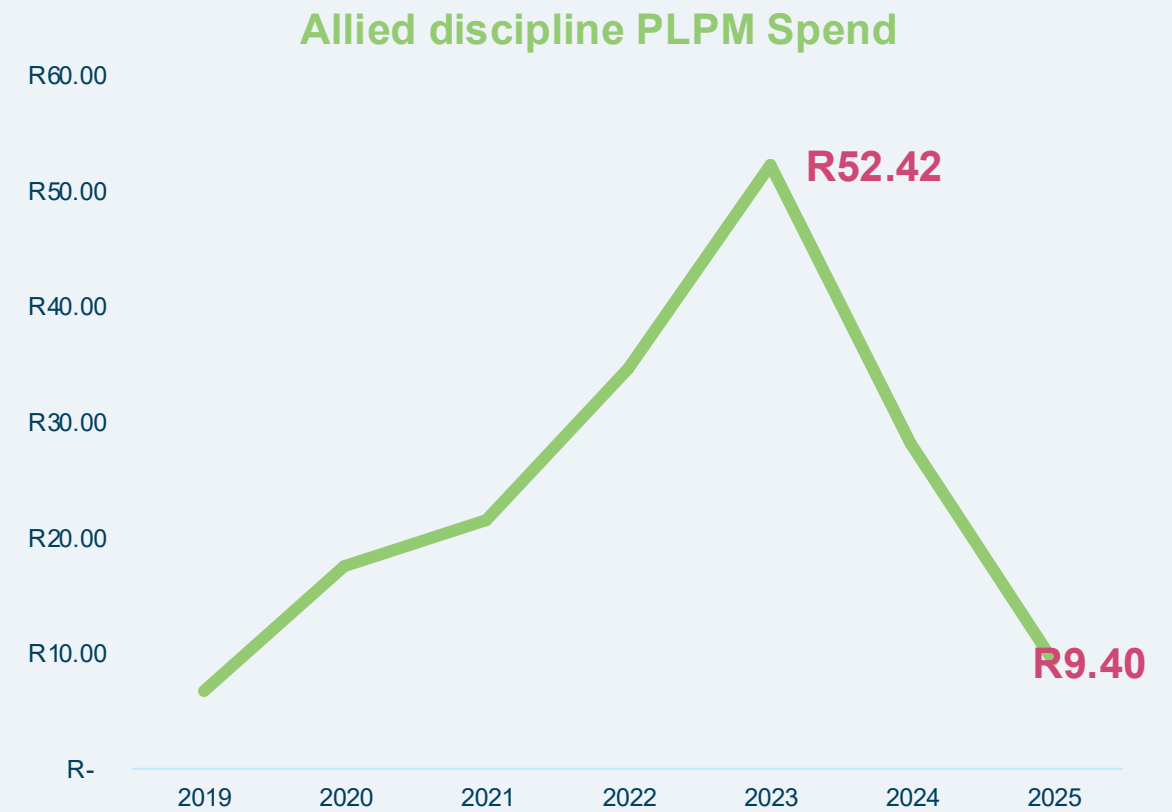
Often such patterns are indicative of fraud, waste and abuse.

# When Intervention Works – Scheme A

*After Interventions*

## SCHEME A

- Providers were regularly billing for multiple consultations per patient per day.
- Providers were regularly billing for more than 16 hours a day.
- New controls implemented
- PLPM expenditure decreased by over 80%



↓ Exposure reduced

**Analytics + Protocols + timely intervention = materially reduced exposure.**

# Network Analysis – Scheme B

## SCHEME B

- Scheme B had a cost blow out for a particular discipline.
- Provider-only analysis wasn't enough.
- Shared-patient analysis revealed the issue.
- Three providers were billing for the same patients everyday while they were admitted.

In Hospital consultations – Patient A

	Day	Practice A	Practice B	Practice C
Day 1	Wednesday	✓		✓
Day 2	Thursday	✓	✓	✓
Day 3	Friday	✓	✓	✓
Day 4	Saturday			✓
Day 5	Sunday			✓
Day 6	Monday	✓	✓	✓
Day 7	Tuesday	✓	✓	✓
Day 8	Wednesday	✓	✓	✓
Day 9	Thursday	✓	✓	✓
Day 10	Friday	✓	✓	✓
Day 11	Saturday			✓
Day 12	Sunday			✓
Day 13	Monday	✓	✓	✓
Day 14	Tuesday	✓	✓	✓
Day 15	Wednesday	✓	✓	✓
Day 16	Thursday	✓		✓
Day 17	Friday	✓		✓

Analytics + provider network analysis = reduced exposure

# Detection Is Not a Destination

***“FWA is not a problem you solve. It’s an opponent that adapts. Every control you implement teaches fraudsters what not to do next time. The question is whether your systems are learning faster than they are.”***

## **Evolving Controls**

New fraud patterns inform future rules

## **Continuous Learning**

Models must evolve as fast as fraud does

## **Proactive Risk Management**

Move from reactive to anticipatory

## **Network Intelligence**

Behavioural patterns identified across providers

***Right now, in most schemes, systems are barely keeping pace... And that is the moment fraud starts gaining ground. And in this environment, ground that is lost is very hard to recover.***

CHANGED THE CONVERSATION ENTIRELY

# Section 59

*sets the rules for how schemes recover money lost to fraud, waste and abuse.*

The Section 59 investigation centered on whether black healthcare professionals were being unfairly targeted by medical schemes in the context of FWA.

An expert was appointed to investigate.

The panel concluded that black healthcare professionals are more likely to be found guilty of FWA than non-black professionals.

*What The Section 59 investigation created — whether intentionally or not — is **hesitation**.  
And hesitation is expensive.*

These are the questions we need to be asking.

### **False positives**

How do we make sure that the cost of getting it wrong does not stop us from acting at all?

### **Administrative burden**

How do we build a process that is thorough enough to be defensible — but fast enough to be effective?

### **Transparency**

Transparency is good, but how much is too much?

### **Governance uncertainty**

How do we give investigators a clear enough framework that they feel confident making a call?

### **Evidence thresholds**

How do we agree on what enough evidence actually looks like — so we can act on it while it still matters?

### **Cost of oversight**

Who funds additional review?  
Schemes, councils, or industry bodies?

# A New Way Forward

INTELLIGENCE	GOVERNANCE	PEOPLE
<i>Provide the Insight.</i>	<i>Provide the Structure.</i>	<i>Provide Judgement and Action.</i>
<b>Embedded Evidence Base</b>	<b>Clear set of rules</b>	<b>Empowered people to act</b>
<b>Network Intelligence</b>	<b>Clear and consistent protocols</b>	<b>Clinical context</b>
<b>Models that are retrained continuously</b>	<b>Ownership and responsibility must be defined</b>	<b>Consistent decisions</b>

# Our Approach

## Comprehensive Detection Framework

- Extensive library of FWA rules developed through years of industry experience
- Proven mechanisms for identifying known fraud, waste, and abuse patterns

## Clinical Expertise

- We have clinical insight that provides context behind the data
- This supports fair, evidence-based decision-making

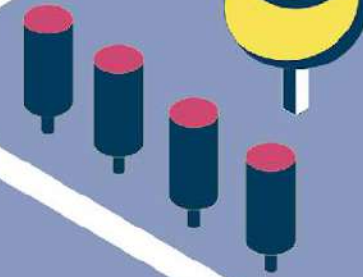
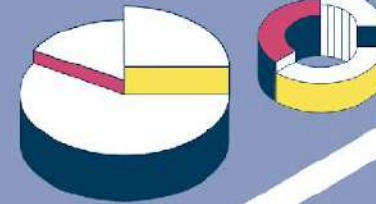
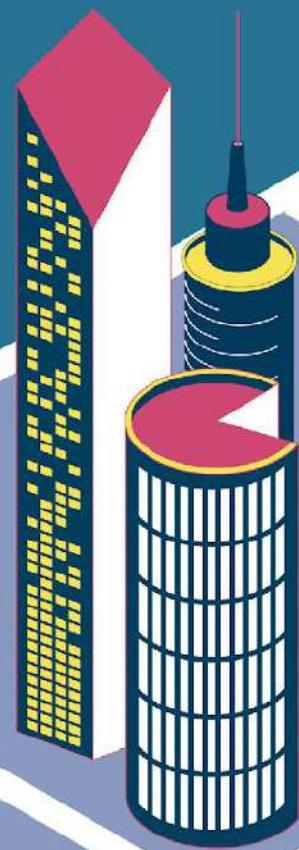
## Advanced Intelligence

- We have robust analytical models that go beyond simple rule breaches
- Peer benchmarking, anomaly detection, and risk profiling
- Our focus is on understanding behaviour, not just identifying exceptions

We are working on developing next-generation models that continuously learn and adapt.  
And we would love to partner with you.



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Thank you!