

news release



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FIRST REPORT SHOWS THE GLOBAL COST OF HEALTHCARE FRAUD

- **£160 billion lost each year to fraud in healthcare organisations**
- **Enough to quadruple the budget of the World Health Organisation and UNICEF and bring malaria under control in Africa**

'The Financial Cost of Healthcare Fraud' Report – published today – provides the world's first ever data on the real cost of fraud (and error) in healthcare organisations. It finds that an average of 5.59% of global healthcare expenditure – or £160 billion - is lost each year.

This would be enough to:

- provide clean, safe water around the globe
- bring malaria under control in Africa
- provide the Diphtheria, Tetanus and Pertussis vaccine to all 23.5 million children under one years old who are currently not immunized (2.5 million die each year from diseases preventable by vaccines)

AND

- quadruple the budget of the World Health Organisation and UNICEF (the United Nations Children's Fund)

...with more than £100 billion left over – enough to build more than 1,000 new hospitals at developed world prices.

The Report was published jointly by MacIntyre Hudson LLP, the Centre for Counter Fraud Services at University of Portsmouth, and the European Healthcare Fraud and Corruption Network. It reviewed 69 exercises to accurately measure healthcare fraud and error losses, undertaken in 33 organisations from 6 countries. 66 of those exercises were successfully completed covering many



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different types of healthcare expenditure totalling over £300 billion. It excluded guesstimates, figures derived from detected fraud losses, and figures resulting from surveys of opinion; it only included exercises which were based on a statistically valid sample of expenditure, which had measurable levels of accuracy, and which externally validated.

Jim Gee, Director of Counter Fraud Services for MacIntyre Hudson, and Chair of the Centre for Counter Fraud Studies, said:

“This Report proves that it is possible to measure the nature and extent of the losses to fraud (and error). It may be embarrassing for some organisations to find out just how much they are losing but it is possible to do this.

Because of the direct, negative impact on human life of losses to fraud, it is never easy to admit they take place. However, the first step to reducing losses is to stop being in denial about them. If an organisation is not aware of the extent or nature of its problem, then how can it apply the right solution?

Where losses have been measured, and the organisations concerned have accurate information about their nature and extent, it has been shown that they can be reduced by up to 40% within a year. This extra money could be spent on better patient care and the potential benefits to the quality of human life are enormous.”

Paul Vincke, President of the European Healthcare Fraud and Corruption Network, said:

“The Report shows that 56 billion Euros are lost to fraud (and error) in Europe alone. We have a fraudulent minority who are prepared to divert the funds which are intended to keep us all well. Let’s not pretend. That minority exists in all our countries. None of us are immune. None of us can afford to pretend that we have no healthcare fraud.

Every penny lost drains the lifeblood from our healthcare systems and undermines their capacity to provide essential treatment. We need to join together and mobilise the honest majority, we need to do this across Europe and we need to do it urgently.”

The Report shows that all of exercises revealed percentage losses of more than 3% of the expenditure concerned with over a fifth recording losses of greater than 8%.

Mark Button, Director of the Centre for Counter Fraud Studies, said:

“This Report provides invaluable information to those planning healthcare expenditure. It shows that fraud is not just a moral or ethical issue but a financial one too – with a serious negative impact

on the quality of patient care. With an average of more than 5% lost, it is clear that healthcare organisations need to make a much larger investment in counter fraud work.

If they do so there are examples of the financial benefits which can be delivered – extra money for better patient care – within a relatively short timescale. The dilemma for policy makers is whether they can overcome their embarrassment and admit that serious losses to fraud (and error) are taking place because this is the first step to reducing them.”

Follow Jim Gee on Twitter: <http://twitter.com/MHFraud>

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For a copy of the report, further information or comment, please contact:

Nicola Adams
National Communications Executive, MacIntyre Hudson LLP
T: 020 7429 4114
E: nicola.adams@mhllp.co.uk

Notes to Editors:

About MacIntyre Hudson LLP

MacIntyre Hudson LLP is a top 25 UK accounting firm, offering a full range of compliance and advisory services to entrepreneurial businesses, groups and multinationals with operations in the UK. The firm has 53 Principals and 400 staff in ten offices in London and the South East, and across East Anglia and the Midlands, servicing the whole country. The firm is the UK member of CPA Associates International Inc, a global association of independent accountancy and business advisory firms worldwide, and is registered to carry on audit work and regulated for a range of business activities by The Institute of Chartered Accountants in England and Wales.

To find out more about our Counter Fraud services, please visit www.macintyreHUDSON.co.uk/counter_fraud.html.

About Jim Gee

Jim Gee is one of the leading counter fraud specialists in the UK and globally. His accomplishments include leading the team which cleaned up London Borough of Lambeth in the mid to late 1990s; advising Right Honourable Frank Field M.P. during his periods as Chair of the House of Commons Social Security Select Committee and Minister for Welfare Reform; and being Director-General of the European Healthcare Fraud and Corruption Network between 2004 and 2006. During his tenure as Chief Executive of the NHS Counter Fraud Service, Gee's organisation reduced fraud-related losses by up to 60 per cent, delivering financial benefits to the tune of £800 million and achieving a 12:1 return on costs. He has since worked as a senior advisor to the UK Attorney-General on the UK Government's Fraud Review as well as delivering counter fraud services to public bodies and private companies both in this country and internationally.

