

# \$20 Billion in Psychiatric Fraud Needs Government Oversight and Patient Protections

*CCHR's series of articles on mental health funding aims to assist legislators & law enforcement, showing how funding has helped enable massive psychiatric fraud*

LOS ANGELES, CA, UNITED STATES, February 20, 2023 /EINPresswire.com/ -- In a series of articles being compiled as a report for policymakers at federal, state, and local levels, as well as for law enforcement agencies, the [Citizens Commission on Human Rights International \(CCHR\)](#) has documented psychiatry's promises to improve mental health—promises that have repeatedly failed to deliver positive results. The 54-year mental health industry watchdog says that greater oversight of psychiatric fraud could help reduce government waste and introduce patient protections to save lives.



CCHR's series of articles on mental health funding aims to assist legislators and law enforcement, as it isolates how funding has helped enable massive psychiatric fraud that harms patients' mental health.

Part 1 in the series explores how, according to The American Journal of Managed Care, the United States has lost up to \$20 billion a year due to fraudulent practices in the mental health sector.[1] In 2021, attorney Matthew Curley told Behavioral Health Business, "It's fair to say that enforcement actions and recoveries regarding behavioral health providers are becoming increasingly significant components of the government's overall enforcement efforts." [2]

Amid a rise in the use of telehealth for mental healthcare, fraud, and consequent enforcement activities are increasing. More than 20 states reported fraud, waste, and abuse as a "concern" with respect to telehealth services used to provide behavioral healthcare, according to information collected by the Office of Inspector General.[3]

Fraud- or theft-related crimes account for the second largest part of all the crimes conducted in the mental health industry in the U.S. According to a 2020 study published in the Journal of Medical Ethics, "A typical fraudster's profile is defined as a 53-year-old male psychiatrist who

victimizes one or two of the largest federal insurance programs..."[4]

The researchers found that patients are typically billed for more time than the psychiatrist actually spent with them or for procedures not performed. Thousands of children and adults are hospitalized for psychiatric treatment they do not need. Patients are kept against their will until their health insurance expires just to keep the hospital beds filled.

According to Richard Kusserow, who served for 11 years as the U.S. Health and Human Services Inspector General, "Many health care fraud investigators believe mental health caregivers, such as psychiatrists and psychologists, have the worst fraud record of all medical disciplines."[5]

Mark Schlein, former director of Florida's Medicaid Fraud Control Unit, when investigating massive mental health fraud in the 1990s commented: "The extent of the fraud is limited only by the imagination."[6]

Recent examples of ongoing deceitful imagination include two psychologists who were convicted of billing for services to patients that were dead. Two psychiatrists billed for services and visits that never occurred.

Other fraudulent schemes include patients being picked up by a bus and taken out for a meal which is then billed as a psychiatric evaluation, and spending all day watching TV or playing games at a facility which is billed as group psychotherapy.

Since the early 1990s, CCHR has tracked mental healthcare fraud schemes, especially in for-profit psychiatric hospitals, and has provided evidence to law enforcement agencies to investigate.

In 1998, CCHR produced a report on psychiatric fraud, which was released in New York to healthcare fraud investigators and representatives of the attorneys general offices, other law enforcement agencies, and the Federal Bureau of Investigation (FBI). This report is now being updated.

At that time, CCHR invited a group of seasoned business experts to evaluate a selection of graphs and information representing the history of an anonymous professional organization. They were told that for 30 years, the organization had been contracted by the government to improve certain problems in the community that were specific to their field of expertise. The government funding graph showed a steady increase, while the other graphs showed plummeting indicators.

One money manager's response was, "These results are horrible and show most likely poor management, poor products and absolutely no success whatsoever." Others questioned how the government was still funding the venture.

The first graph represented federal funds paid to mental health services. The other graphs

related to social conditions psychiatrists had promised and had been entrusted to improve but had not.

Thomas Insel, former director of the National Institute of Mental Health made similar startling observations, adding that the biomedical framework adopted while he directed \$20 billion at NIMH had not worked: “I spent 13 years at NIMH really pushing on the neuroscience and genetics of mental disorders, and when I look back on that I realize that while I think I succeeded at getting lots of really cool papers published by cool scientists at fairly large costs—I think \$20 billion—I don’t think we moved the needle in reducing suicide, reducing hospitalizations, improving recovery for the tens of millions of people who have mental illness.”[7]

He further commented that the U.S., which leads the world in medical research spending, stands out for its dismal outcomes in people with “mental disorders.” Over the last three decades, even as the government invested billions of dollars in mental health, outcomes have deteriorated.

For decades the psychiatric-pharmaceutical industries were cheerleaders of the mythical claim that a chemical imbalance in the brain caused depression to be corrected by SSRI antidepressants. But 30 years after SSRIs were launched, rates of depression are higher than ever, and the “chemical imbalance” theory is unmasked as a fraud. When asked about the cause of depression, Steven Hyman, another former director of NIMH responded: “No one has a clue.”[8]

CCHR advises families who have a member that was informed that a chemical imbalance caused their mental disorder, which led them to accept treatment that harmed them, to report this to CCHR.

They should also report any treatments they were told were “safe and effective,” but caused them serious physical damage, including brain damage that electroconvulsive therapy (electroshock) causes.

Suspected healthcare insurance fraud, consumer fraud, or abuse can be [reported here](#).

[Read the full article here](#).

[1] Andria Jacobs, “Mental Health Fraud Exacts High Human and Financial Costs,” AJMC, 11 Mar. 2016, <https://www.ajmc.com/view/mental-health-fraud-exacts-high-human-and-financial-costs>

[2] Bailey Bryant, “Providers Beware: Behavioral Health Fraud Investigations, Recoveries on the Rise,” Behavioral Health Business, 21 Feb. 2021, <https://bhbusiness.com/2020/02/21/providers-beware-behavioral-health-fraud-investigations-recoveries-on-the-rise/>

[3] Anuja Vaidya, “Fraud Enforcement Followed Spike in Telemental Care,” mHealth Intelligence, 24 Nov. 2021, <https://mhealthintelligence.com/news/fraud-enforcement-followed-spike-in->

## [telemental-care](#)

[4] Yuriv Timofeyev, Mihajilo Jakovljevic, "Fraudster's and victims' profiles and loss predictors' hierarchy in the mental healthcare industry in the US," Journal of Medical Ethics, Vol 23, Issue 10, 12 Aug. 2020, <https://www.tandfonline.com/doi/full/10.1080/13696998.2020.1801454>

[5] <https://www.cchrnt.org/2020/04/06/police-health-officials-warned-of-escalating-mental-healthcare-fraud/>

[6] Andrea Orr, "Big Move to Uncover Health Care Fraud," Reuters Business Report, 20 Aug. 1997

[7] "Twenty Billion Fails to 'Move the Needle' on Mental Illness," Psychology Today, 23 May 2017, <https://www.psychologytoday.com/us/blog/theory-knowledge/201705/twenty-billion-fails-move-the-needle-mental-illness>

[8] <https://qz.com/1162154/30-years-after-prozac-arrived-we-still-buy-the-lie-that-chemical-imbalance-cause-depression>

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