



Playing BY THE Rules

ETHICS AT WORK

Undergraduate & Graduate Business School Episode Guide

Season 2, Episode 3: Taking Advantage

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Season 2, Episode 3: Taking Advantage

Instructor Resources

Case Overview

Medicare Advantage, a program in which private insurance companies provide healthcare to seniors, is an alternative to traditional Medicare. Originally conceived as a way to rein in healthcare costs, the government now pays Medicare Advantage companies nearly \$200 billion a year to cover some 19 million seniors. Yet, according to the federal government, nearly 10% of the payments to those private insurance companies are “improper.” It's suspected many of those improper payments are the result of fraud. Several whistleblower lawsuits have alleged that some Medicare Advantage insurance companies have systematically bilked the government of billions, all part of their business model. *Playing by the Rules* investigates the business practices which are said to be behind the alleged fraud.

Media Utilization Tips

Ideally, instructors will assign the [full episode](#) (26 minutes) to students to watch in advance of the class, so that they may fully participate in the in-class discussion.

Link to view:

<https://www.wliw.org/programs/playing-rules-ethics-work/>

Key Moments: Instructors may choose to highlight key moments within the episode when key players were faced with a critical decision for students to pause and reflect on the episode. Below are the timestamps of three key decision-making moments:

4:20 – Explain why Freedom Health and other insurance companies would be incentivized to overstate the sickness of their patients.

12:25 – What decision did David Sewell have to make? What factors did he consider in making this decision?

15:17 – According to the whistleblower lawsuit, how did corporate culture encourage UnitedHealth employees to allegedly commit fraud?

Reflection Questions: Instructors may also choose to provide students with reflection questions as they watch the episode. Examples of reflection questions include:

- Describe the parties involved and their interests.
- Describe the corporate cultures at Freedom Health and UnitedHealth which contributed to encouraging alleged fraud.
- In what two ways was Freedom Health alleged to have defrauded the government?
- How is it alleged UnitedHealth's business model depended on fraudulent reporting?
- What factors, including risks and rewards, do whistleblowers face in coming forward to report fraud?

Key Takeaways

Here are some of the key themes in this episode:

- Corporate culture plays a large role in whether or not employees commit fraud. In the cases of Freedom Health and UnitedHealth, evidence suggests both companies' business models were structured in a manner that encouraged employees to bend or break the rules.
- In both cases, whistleblowers brought the fraud cases to light. Being a whistleblower is a difficult decision that employees face as they weigh the positive or negative outcomes of stepping forward to report claims of fraud.

Supplemental Case Readings

The following articles provide additional information about the Medicare Advantage fraud cases. Instructors may use this as background reading to prepare to lead the class.

Additionally, instructors may choose to assign one or more of the articles as supplemental reading.

- [Medicare Advantage Fraud, Risk Adjustment Fraud and Whistleblowers](#)
(Phillips and Cohen legal firm, 2018)
- [Florida Medicare Advantage insurer settles whistle-blower lawsuit for \\$32 million](#)
(The Miami Herald, June 1, 2017)
- [UnitedHealth Overbilled Medicare by Billions, U.S. Says in Suit](#)
(New York Times, May 19, 2017).

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Below is a suggested structure for class discussion and activities based on this episode. This structure assumes the instructor has assigned students to watch the episode prior to class.

Class Outline:

I. Overview (10 minutes)

- Outline the case and key issues at play.

II. Discussion (30 minutes)

- Open up the floor for class discussion.
- *Discussion questions:*
 - Describe the key dilemmas in the Medicare Advantage fraud cases.
 - Describe the corporate cultures at Freedom Health and UnitedHealth which contributed to encouraging alleged fraud.
 - In what two ways was Freedom Health alleged to have defrauded the government?
 - How is it alleged UnitedHealth's business model depended on fraudulent reporting?
 - What factors, including risks and rewards, do whistleblowers face in coming forward to report fraud?
- *Suggested themes to highlight:*
 - The role corporate culture can play in ethical dilemmas.
 - The risks and rewards associated with coming forward as a whistleblower.

III. Activity: Debate (50 minutes)

- See extension activities on the following page for an activity outline.

IV. Conclude (15 minutes)

Season 2, Episode 3: Taking Advantage Extension Activities

I. Case Summary

Assignment: Prior to class, assign students to write a three-sentence summary of the case presented in the episode. The summary should include an overview of the key issue presented in the case, along with the case outcome.

II. In-Class Debate

Healthcare providers can take advantage of Medicare loopholes to benefit their bottom lines. Tenet Healthcare, which operates hospitals, was accused of multiple cases of fraud across two decades.

Darling International: Tenet Healthcare: In August 2016, Tenet Healthcare was accused of operating a kickback scheme. However, this was not the first time the company had been accused of fraud. In fact, in the early 2000s, the company was accused of overbilling and providing unnecessary procedures. After these accusations, the company restructured its management and brought in over 100 compliance officers. With all this effort, is it really possible they would once again commit fraud?

1. Split the class into three groups: two groups will argue for and against Tenet Healthcare, and the third group will serve as judges. The instructor should print and distribute the applicable article to each group. The judges should read both articles.

Pro: *The most recent allegations of fraud against Tenet are false.*

[Why Can't Tenet Healthcare, a Repeat Offender, Stop the Fraud Scandals?](#)

(Dallas Morning News, August 2016)

Con: *Despite its past compliance efforts, Tenet Healthcare knowingly committed fraud.*

[U.S. Brings New Charges Over Tenet Healthcare Fraud Scheme](#)

(Reuters, September 27, 2017)

2. Distribute the applicable reading assignment to each group and give students time to read independently and discuss as a group (20 minutes). During this time, the judges should read both articles and discuss the key issues at play.

3. Each group should clearly articulate their stance and make an argument as to why they are correct (5 minutes per group).

4. After each group states their case, the judges should pose questions to each group (5 minutes per group).

5. Judges will then leave the room and deliberate, and return with a final verdict and explanation of their reasoning (10 minutes).

III. Editorial

Assignment: Write a 250-word editorial either siding with or critiquing the corporate cultures of Freedom Health and UnitedHealth and the actions of its corporate leadership.

Note: Instructors may choose to ask students to use the ethical frameworks included on pages 4-7 of the *Playing By the Rules* Season Two Guide, or other frameworks appropriate to their class in their analysis.

Key considerations:

- *Explain what you would have done if you were a physician, employee or manager at one of the two companies.*
 - *Describe the factors contributing to your decision.*
 - *How would you weigh the consequences of your decision?*
 - *What effect would your decision have on key stakeholders (shareholders, employees, research teams, the public, consumers)?*
 - *Describe one or two ethical frameworks you would use to weigh your decision.*
- Alternate Assignment: Write a 250-word editorial describing a similar ethical dilemma you have personally witnessed or experienced. Please do not reveal details about identities, company, etc. Apply the frameworks discussed in class and the major trade-offs faced by the main decision maker in the dilemma.

IV. Related Readings

Instructors may choose to assign additional readings for context on the key issues of this episode, either in advance of class or post-class:

- [Medicare Scammers Steal \\$60 Billion a Year. This Man Is Hunting Them](#)
(Wired Magazine, March 7, 2016)
- [What Motivates a Whistleblower?](#)
(Katz, Marshall & Banks, LLP, November 1, 2016).