

## **RM Intel – Pharmacies and HMEs getting hit with Credit Card Scams**

Capitalizing on tough economic times, criminals have found a new way to separate pharmacists and home medical equipment providers from their money. The scheme involves the placement of large orders of non-prescription consumables and medical supplies, usually in the name of the charity.

### **Supply and Demand**

As the population ages, the demand for at home health monitoring, testing supplies and non-pharmaceuticals, such as vitamins, is skyrocketing. Diabetics alone represent 25.8 million Americans, and 27% of those over 65 who need supplies. As medical equipment costs increase, as they have every year for the past decade, consumers may not test as much as they should, or seek discount pricing. This is a target for criminals who reach out with enticing offers for “free diabetic testing supplies”, or deeply discounted supplies and medical equipment. The game is to either start delivering then rapidly increase shipments and/or charges, or to simply obtain social security and credit card numbers.

### **How does this relate to the scam against pharmacies and home medical equipment companies?**

Persons and organizations with fraudulent intent are getting supplies to resell by targeting those pharmacies and HMEs that carry or have access to large quantities of things like diabetic test strips, blood pressure cuffs and vitamins. Recently we have encountered situations in which orders for thousands of dollars were placed for OTC diabetic supplies and other types of home medical equipment. Purchases were made by credit cards and the person or organization placing the orders indicated they were with a charity. They may have also indicated that the order was time sensitive.

Orders are often placed with a telecommunications relay service (TTD, TDD, TTY), or phone number that is not reachable for verification, and/or is in another country. Deliveries are typically requested to foreign countries, in particular Nigeria. Internet and telephone fraud originating from Nigeria have been rampant in recent years.

When running the card through the bank, the name and card clears as being valid at the time. The first sign there is a problem usually occurs after the shipment has been made and the bank demands reimbursement from the pharmacy or HME because the card was actually fraudulent. By the time the problem is identified, several orders may have been placed running into thousands of dollars. Most insurance coverage contains a “voluntary parting exclusion” and will not provide protection against these types of losses.

### **What do you need to do to protect yourself?**

Large orders from a charitable organization may seem like a dream. You can help an organization help others, and contribute to the bottom line. Unfortunately, fraudulent orders can also mean a double hit from the lost merchandise and the need to repay the bank. Legitimate charities should have ways to verify who they are. If you are faced by an offer that seems too good to be true, check out the organization through:

- Hardcopy brochures
- Testimonials the organization has received
- Better Business Bureau
- Healthcare Quality Association on Accreditation
- Department of Health and Human Services

For any organization you are not familiar with that is placing high dollar orders, treat them fairly but with caution. Be VERY suspicious of orders transmitted through telecommunications relay services. With the lower cost of computers and the wide availability of internet talk systems, TTD, TDD or TTY devices are used much less than in the past, and would not likely be used by a viable charity to place orders.

Contact the bank to verify the card holders name and credit limit. Place a hold on shipping the order until the information has been validated, and to allow more time for the card to be reported as lost if it has been stolen. Resist high pressure sales talk that pushes you to authorize purchases you would not ordinarily make without more verification ("the charity is in desperate need..." "the credit card belongs to a large donor in Canada that has agreed to pay for this directly...").

Legitimate charities will understand the need for caution and will do what they can to make you feel comfortable with the order.

If something does not feel right, follow your instincts.

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