



# Medicare Parts C and D Fraud, Waste, and Abuse (FWA) Training



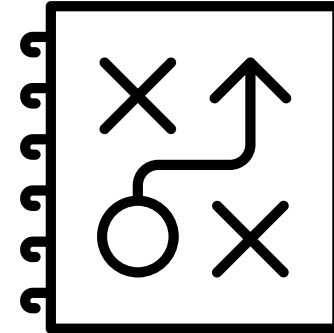
February 2026

# Compliance Program Training

# Training

**Completing FWA training** is a **critical component** of an **effective FWA program**, but it is not sufficient on its own. An effective compliance program requires a **comprehensive approach** that includes **key elements** beyond just training.

We are responsible for establishing and executing an effective FWA program according to the **CMS regulations** and **program guidelines**; this also applies to our **FDRs**.



# Acronyms

Acronym	Term
CFR	Code of Federal Regulations
CMS	Centers for Medicare & Medicaid Services
EPLS	Excluded Parties List System
FCA	False Claims Act
FDR	First-Tier, Downstream, Related Entity
FWA	Fraud, Waste, Abuse
HIPAA	Health Insurance Portability and Accountability Act
LEIE	List of Excluded Individuals and Entities
MA	Medicare Advantage
MAC	Medicare Administrative Contractor
MLN	Medicare Learning Network®
NPI	National Provider Identifier
OIG	Office of Inspector General
PBM	Pharmacy Benefits Manager
WBT	Web-Based Training

# CMS regulations and compliance program guidelines

Medicare Parts C and D Plan Sponsors, along with their first-tier, downstream, and related entities (FDRs), must comply with fraud, waste, and abuse (FWA) training requirements as outlined in the following regulations and sub-regulatory guidance:

- [42 Code of Federal Regulations \(CFR\) Section 422.503\(b\)\(4\)\(vi\)\(C\)](#): This regulation establishes the requirements for Medicare Advantage (Part C) plans, and their FDRs to receive training related to the prevention, detection, and reporting of fraud, waste and abuse.
- [42 CFR Section 423.504\(b\)\(4\)\(vi\)\(C\)](#): Similar to the above, this regulation outlines the FWA training requirements for Medicare Prescription Drug Plans (Part D), and their FDRs.
- [CMS Compliance Program Guidelines \(Chapter 9 of the Medicare Prescription Drug Benefit Manual and Chapter 21 of the Medicare Managed Care Manual\), Section 50.3.](#)
- [CMS Compliance Program Policy and Guidance webpage, downloads section.](#)

Every year, **billions of dollars** are lost to **fraud, waste, and abuse (FWA)**, impacting us all—including you.

**Join us in the fight against FWA** with **training** designed to help you **detect, correct, and prevent**. Your participation is crucial; you are a **vital part of the solution!**

Combating FWA is **everyone's** responsibility! As someone who provides **health or administrative services** for **Medicare enrollees**, every action you take potentially affects Medicare enrollees, the **Medicare Program**, and the sustainability of the **Medicare Trust Fund**.

Together, we can make a difference!

**Why do I need  
training?**

# Training requirements

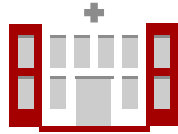
Certain **training requirements** apply to those involved in **Medicare Parts C and D**. All employees of **Medicare Advantage Organizations (MAOs)** and **Prescription Drug Plans (PDPs)** (collectively referred to as "Sponsors" in this course) along with their First-Tier, Downstream, or Related Entities (FDRs) must complete **fraud, waste, and abuse (FWA)** training in accordance **CMS program rules**.

As part of your commitment, you must complete **FWA training** within **90 days** of your initial hire and annually thereafter. For more information on other **Medicare Parts C and D compliance trainings** and answers to common questions, please visit the **CMS website**.

Together, we can ensure compliance and protect the integrity of the Medicare program!



# Plan types



## Medicare Part C

Medicare Part C, or Medicare Advantage (MA), is a health insurance option available to Medicare beneficiaries. Private, Medicare-approved insurance companies run MA programs. These companies arrange for, or directly provide, health care services to the beneficiaries who enroll in an MA plan.

MA plans must cover all services Medicare covers with the exception of hospice care. They provide Part A and Part B benefits and may also include prescription drug coverage and other supplemental benefits.



## Medicare Part D

Medicare Part D, the Prescription Drug Benefit, provides prescription drug coverage to Medicare beneficiaries enrolled in Part A and/or Part B who enroll in a Medicare Prescription Drug Plan (PDP) or an MA Prescription Drug (MA-PD) plan. Medicare approved insurance and other companies provide prescription drug coverage to individuals living in a plan's service area.

# Fraud, waste, and abuse (FWA) program requirements

The **Centers for Medicare & Medicaid Services (CMS)** requires that all sponsors to implement and maintain an **effective compliance program** for their **Medicare Part C & Part D plans**. As our **First-Tier, Downstream, or Related Entity (FDR)**, we require the same of you.

An effective compliance program must include measures for **FWA**:

- **Promote prevention, detection, and correction** of fraud, waste and abuse.
- **Provide clear guidance** on how to identify and report suspected FWA.
- **Support timely investigation and follow-up** of potential FWA concerns.

# Fraud, waste, and abuse (FWA)

## What Medicare requires you to know

### Fraud

#### Intentional deception to obtain Medicare payment or benefits

- Knowingly and willfully submitting **false or misleading** information to Medicare or a Medicare contractor
- Executing or attempting to execute a **scheme to defraud** a Medicare health care benefit program
- Includes false diagnoses, billing for services not provided, upcoding, or falsified documentation

**Key Point:** Fraud requires **intentional wrongdoing**

#### Consequences:

- Federal criminal offense under the **Health Care Fraud Statute**
- Up to **10 years imprisonment**
- Criminal fines up to **\$250,000**
- Possible exclusion from **Medicare and other federal health care programs**

### Waste

#### Overuse or misuse of Medicare resources

- Practices that result in unnecessary costs to the Medicare program
- Examples include excessive testing or services without medical necessity
- Generally, not intentional and not typically criminal

**Key Point:** Waste = **inefficiency**, not deception

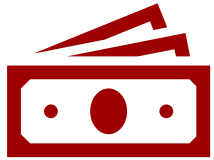
### Abuse

#### Improper Medicare billing or payment practices

- Billing for items or services when **Medicare coverage requirements are not met**
- Payment made without **legal entitlement**
- No knowing or intentional misrepresentation to obtain payment

**Key Point:** Abuse involves **poor or improper practices** without intent to defraud

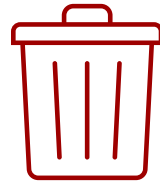
# Fraud, waste & abuse (FWA): Key differences



**Fraud** involves **intentional deception or misrepresentation** for financial gain

→ **Intentional and knowing conduct.**

- Knowingly billing for services not furnished or supplies not provided (including billing for appointments the patient did not keep)
- Billing for nonexistent prescriptions
- Knowingly altering claim forms, medical records, or receipts to receive higher payment



**Waste** is **overuse or misuse** of services that result in **unnecessary costs**

→ **No intent to deceive, but inefficient or careless use of resources.**

- Conducting excessive office visits
- Writing or prescribing excessive medications
- Ordering excessive or unnecessary laboratory tests
- Prescribing more medications than required for a specific condition



**Abuse** includes actions that are inconsistent with accepted standards, often unintentional.

→ **Unintentional errors or poor billing practices.**

- Unknowingly billing for unnecessary medical services
- Unknowingly billing for brand-name drugs when generics were dispensed
- Unknowingly excessively charging for services or supplies
- Unknowingly misusing codes (e.g., upcoding or unbundling)

# FWA major laws and regulations



## Civil False Claims Act

- Prohibits knowingly submitting false claims for payment to the government.
- For more information, refer to [31 United States Code \(USC\) Sections 3729–3733](#).



## Health Care Fraud Statute (Criminal Fraud)

- Makes it a crime to knowingly execute or attempt to execute a scheme to defraud a health care benefit program.
- Violations may result in criminal penalties, including fines, imprisonment, or both.
- For more information refer to [18 USC Section 1346-1347](#)



## Anti-Kickback Statute

- Prohibits offering, paying, soliciting, or receiving anything of value to influence referrals for services paid by Federal health care programs.
- For more information, refer to [42 USC Section 1320a-7b\(b\)](#).



## Stark Statute (Physician Self-Referral Law)

- Prohibits physicians from referring Medicare patients to entities with which they have a prohibited financial relationship.
- For more information, refer to [42 USC Section 1395nn](#).



## Civil Monetary Penalties (CMP) Law

- Office of Inspector General (OIG) may impose CMPs for violations
- Penalties may include monetary fines up to three times the amount claimed or paid, depending on the violation.
- For more information, refer to [42 USC 1320a-7a](#) and [the Act, Section 1128A\(a\)](#).



## Exclusion from all Federal health care programs

- Allows the Federal government to exclude individuals or entities from participating in Federal health care programs.
- For more information, refer to [42 USC Section 1320a-7](#) and [42 Code of Federal Regulations \(CFR\) Section 1001.1901](#).



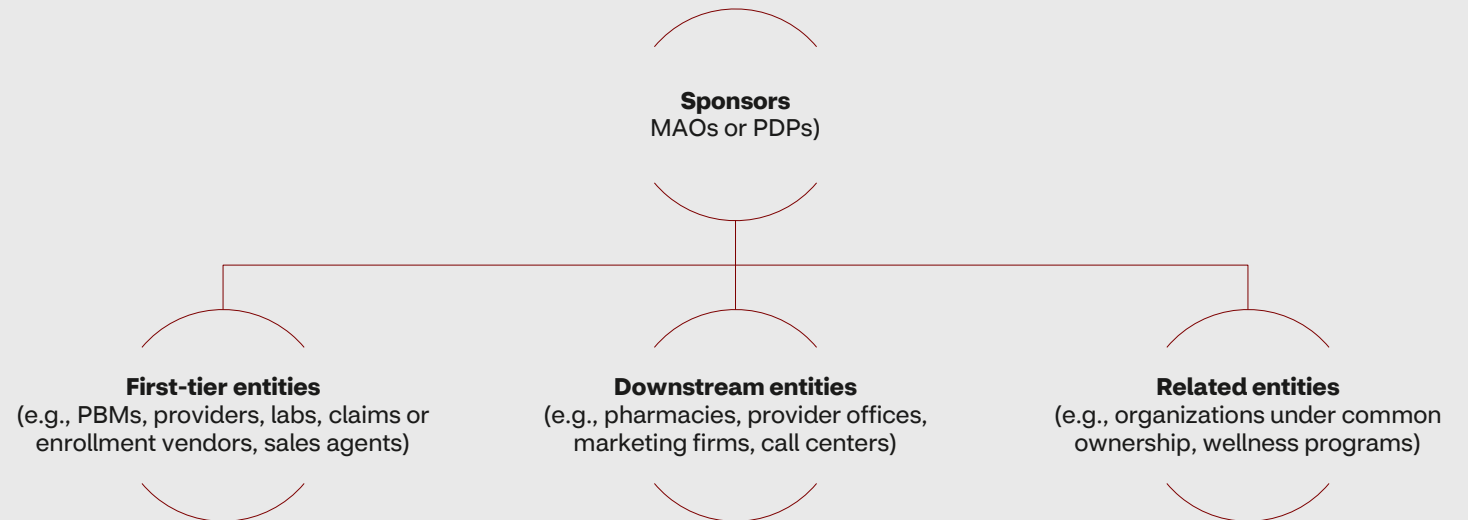
## Health Insurance Portability and Accountability Act (HIPAA)

- Expands access to health insurance and strengthens privacy protections for information.
- Safeguards against unauthorized access to health information, and anyone handling such data must comply.
- For more information, visit the [HIPAA webpage](#).



# Where do I fit in?

People providing services to Medicare Part C or D enrollees may work for:



# Your role in preventing FWA and Medicare noncompliance

1

**Comply** with all Medicare Part C & D requirements, including maintaining an **effective compliance program**.



2

**Report** any concerns, suspected issues, or violations related to **fraud, waste, abuse, or noncompliance**.



3

Follow the **CVS Health Code of Conduct**, reflecting expected ethical behavior and standards



- Stay alert for **suspicious or unusual activity**
- Conduct yourself **ethically and with integrity**
- Ensure **accurate and timely data and billing**
- Maintain **coordination with other payers**
- Follow **FWA policies, standards of conduct, laws, regulations, and CMS guidance**
- **Verify information** received before acting on it



**How do you  
prevent FWA?**

# Stay informed about policies & procedures

**Know and follow your entity's policies and procedures** related to Fraud, Waste, and Abuse (FWA).

**All Sponsors and First-Tier, Downstream, and Related Entities (FDRs)** must have procedures to detect, prevent, report, and correct FWA.

**The CVS Health Code of Conduct** sets clear expectations that:

- **Employees act ethically**
- **Reporting mechanisms exist for noncompliance or potential FWA**
- **Reported issues are addressed and corrected**

**Compliance is everyone's responsibility**, from leadership to frontline staff.

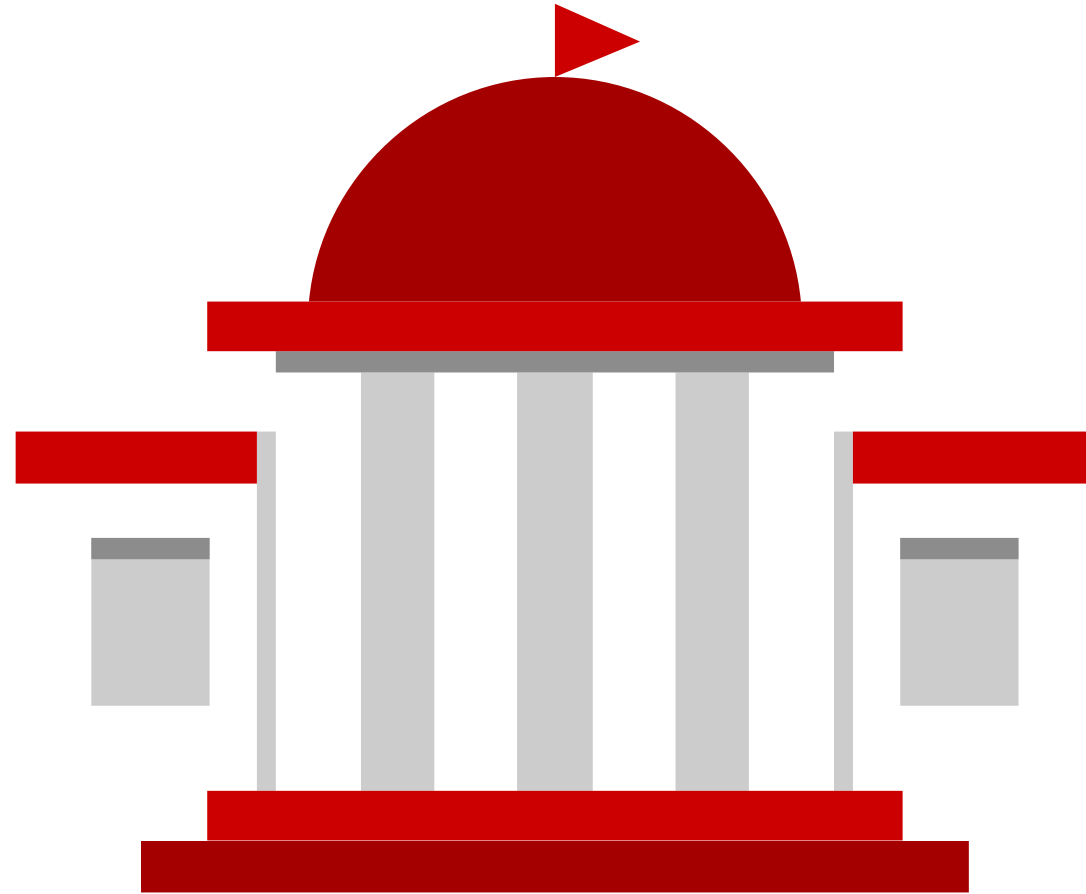


# Whistleblower

Someone who reports **suspected illegal, unethical, or non-compliant activity**, including **violations of professional or clinical standards**.

Individuals who report concerns or participate in compliance investigations are **protected from retaliation** under **federal law**.

Under the **False Claims Act**, successful whistleblowers may be eligible to receive **15–25% of the money** recovered, as allowed by law.



# Don't hesitate to report potential non-compliance and FWA

There are **multiple ways to report suspected or identified noncompliance or Fraud, Waste, and Abuse (FWA)**.

- **CVS Health strictly prohibits retaliation** against anyone who raises a concern in good faith or cooperates in an investigation.
- **Report potential FWA** concerns to your compliance department or your Sponsor's compliance department.
- The **Sponsor's compliance department will investigate** and determine appropriate action

**Need to report ethics and compliance concerns to CVS Health?  
No problem.**

**You can connect with us 24 hours a day,  
7 days a week, 365 days a year.**



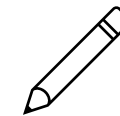
**Call**

CVS Health® Ethics Line  
1-877-CVS-2040 (TTY: 711)  
(1-877-287-2040)



**Visit**

CVS Health Online Ethics Line  
[CVSHealth.com/EthicsLine](https://www.CVSHealth.com/EthicsLine)



**Write**

Chief Compliance Officer  
CVS Health One CVS Drive  
Woonsocket, RI 02895

# Correction of fraud, waste & abuse (FWA)

- ✓ **Promptly correct identified FWA** to protect government funds and ensure compliance with CMS requirements.
- ✓ **Develop a Corrective Action Plan (CAP)** with guidance from your organization's compliance officer. Plans vary based on circumstances.

## Effective corrective actions should:

- Address the root cause and prevent future noncompliance
- Be tailored to the specific issue, with defined timeframes
- Be documented, including consequences for failure to comply
- Be monitored continuously to ensure effectiveness

## Corrective actions may include:

- New prepayment edits or document reviews
- Required training or educational materials
- Policy or procedure revisions
- Warning letters or disciplinary actions
- Suspension of marketing, enrollment, or payment
- Termination of an employee or provider

# Key indicators of potential FWA



## Beneficiary

- Altered or forged records
- Medical history does not support services
- Multiple identical prescriptions
- Possible identity theft



## Provider

- Not medically necessary services
- Billing for services not provided
- Excessive or controlled substances
- Invalid or missing NPI



## Pharmacy

- Drug diversion
- Expired or counterfeit drugs
- Billing for unfilled prescriptions
- Altered prescriptions



## Wholesaler

- Fake or illegally imported drugs
- Diversion of restricted drugs



## Manufacturer

- Off-label promotion
- Improper sample distribution



## Sponsor

- Misrepresentation of costs
- Improper inducements
- Unlicensed agents

As individuals who support Medicare Parts C and D operations, we each play a role in preventing, identifying, and correcting Fraud, Waste, and Abuse (FWA).

- **Prevent:** Act ethically, follow established policies and procedures, and remain alert to potential FWA indicators
- **Report:** Promptly report suspected fraud, waste, or abuse through approved reporting channels without fear of retaliation
- **Correct:** Address identified FWA issues through timely and effective corrective action to protect the Medicare program

FWA compliance requires ongoing awareness of risk areas, adherence to organizational policies, and accountability at all levels

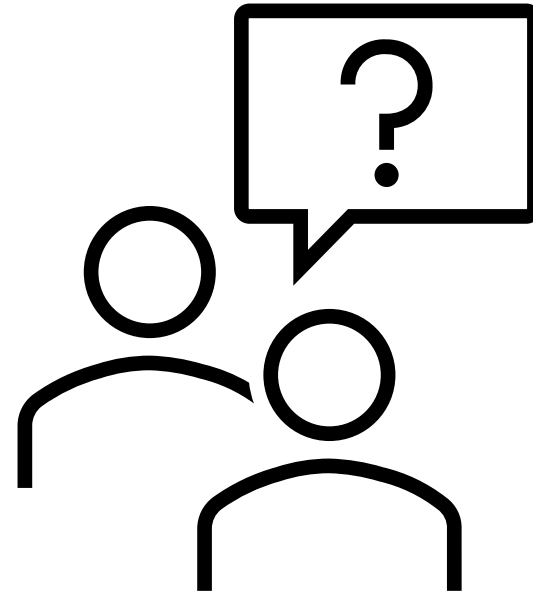
**Summary!**

# Knowledge Check

# Question 1

A person drops off a prescription for a beneficiary who is a “regular” customer. The prescription is for a controlled substance with a quantity of 160. This beneficiary normally receives a quantity of 60, not 160. You review the prescription and have concerns about possible forgery. What is your next step?

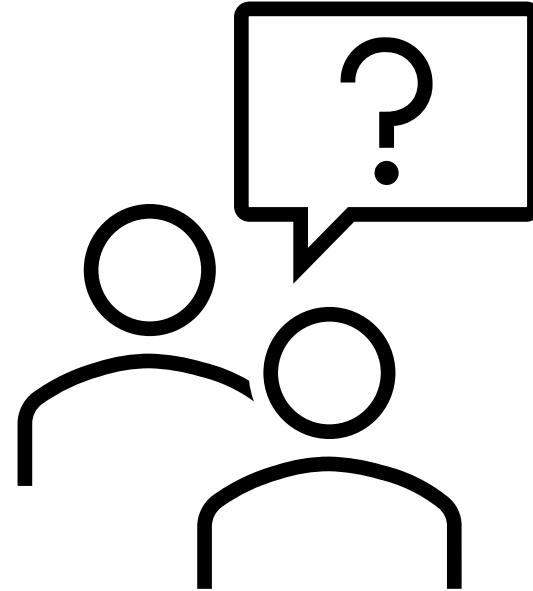
- A. Fill the prescription for 160
- B. Fill the prescription for 60
- C. Call the prescriber to verify the quantity
- D. Call the Sponsor’s compliance department
- E. Call law enforcement



## Question 2

Your job is to submit a risk diagnosis to the Centers for Medicare & Medicaid Services (CMS) for the purpose of payment. As part of this job, you use a process to verify the data is accurate. Your immediate supervisor tells you to ignore the Sponsor's process and to adjust or add risk diagnosis codes for certain individuals. What should you do?

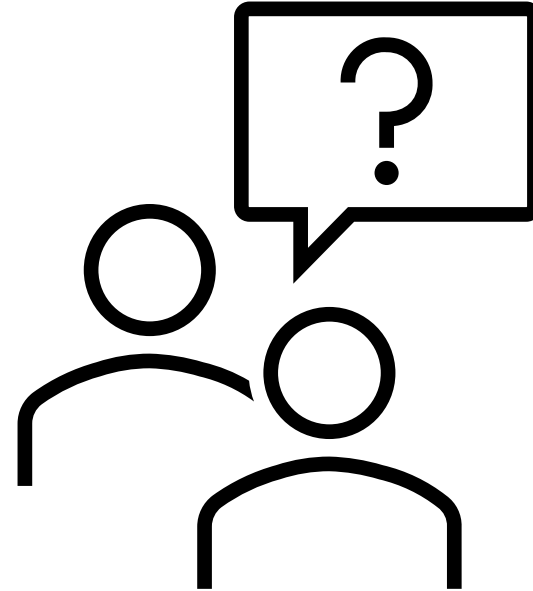
- A. Do what your immediate supervisor asked you to do and adjust or add risk diagnosis codes
- B. Report the incident to the compliance department (via compliance hotline or other mechanism)
- C. Discuss your concerns with your immediate supervisor
- D. Call law enforcement



## Question 3

Once a corrective action plan is started, the corrective actions must be monitored annually to ensure they are effective.

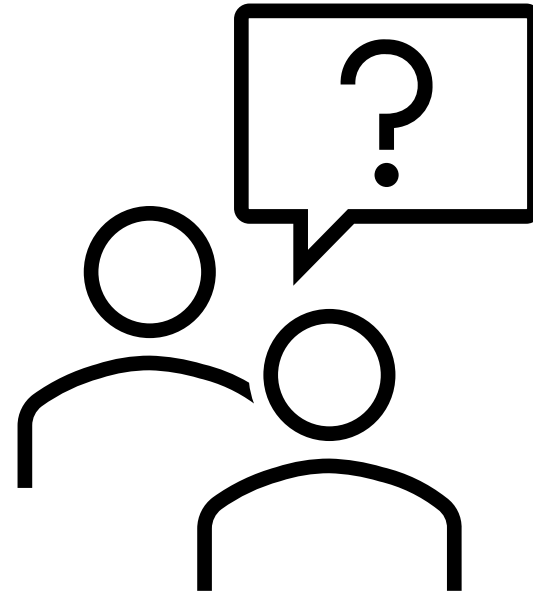
- A. True
- B. False



## Question 4

Ways to report potential fraud, waste, and abuse (FWA) include:

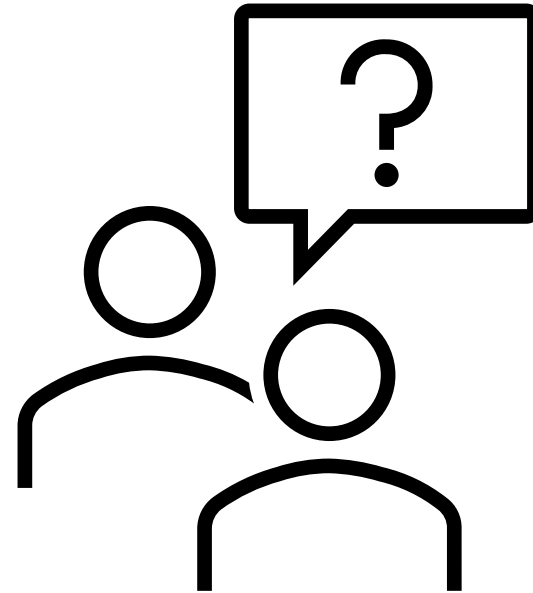
- A. Telephone hotlines
- B. Mail drops
- C. In-person reporting to the compliance department/supervisor
- D. Special Investigations Units (SIUs)
- E. All of the above



## Question 5

You are performing a regular inventory of the controlled substances in the pharmacy. You discover a minor inventory discrepancy. What should you do?

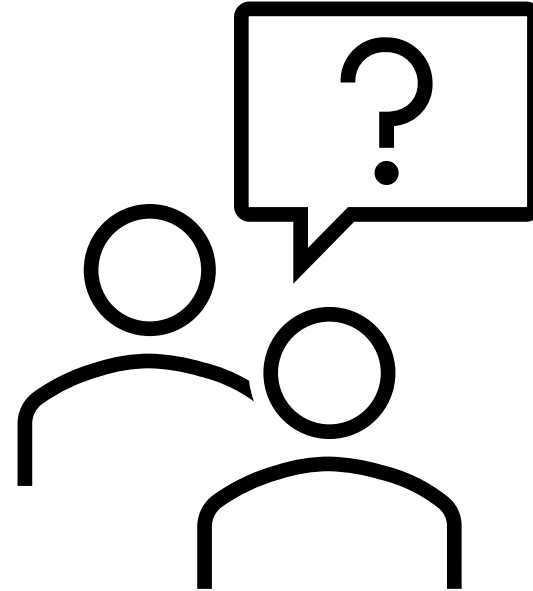
- A. Call local law enforcement
- B. Perform another review
- C. Contact your compliance department (via compliance hotline or other mechanism)
- D. Discuss your concerns with your supervisor
- E. Follow your pharmacy's procedures



## Question 6

These are examples of issues that should be reported to a Compliance Department: suspected fraud, waste, and abuse (FWA); potential health privacy violation; unethical behavior; and employee misconduct.

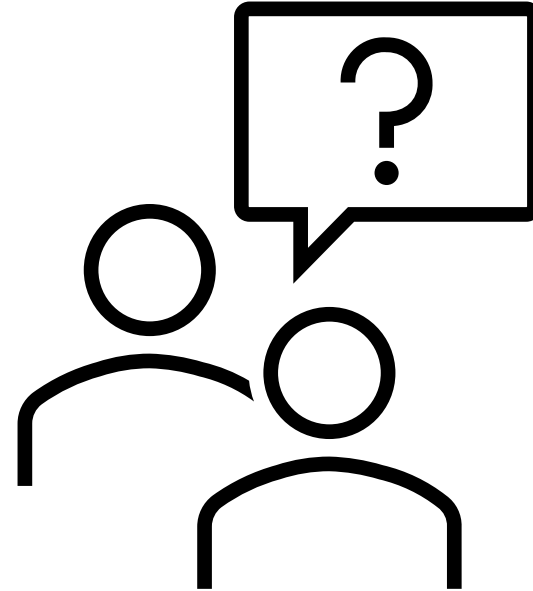
- A. True
- B. False



# Question 7

An FDR of a Medicare Parts C and D plan sponsor are not required to have a compliance program.

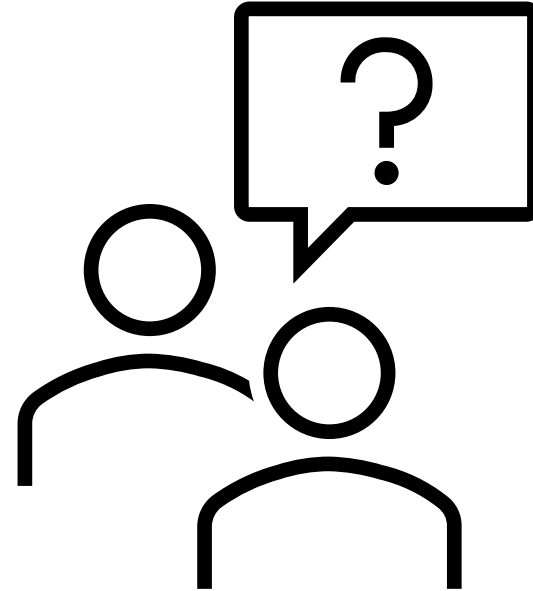
- A. True
- B. False



## Question 8

Bribes or kickbacks of any kind for services that are paid under a Federal health care program (which includes Medicare) constitute fraud by the person making as well as the person receiving them.

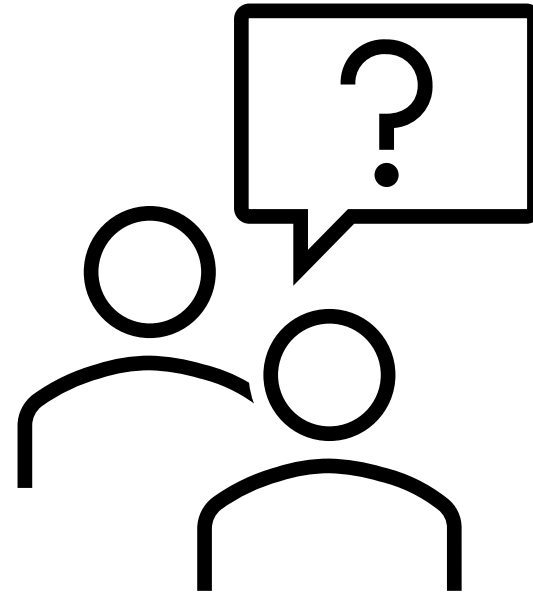
- A. True
- B. False



## Question 9

Which of the following is an example of appropriate action when an individual identifies a potential FWA concern?

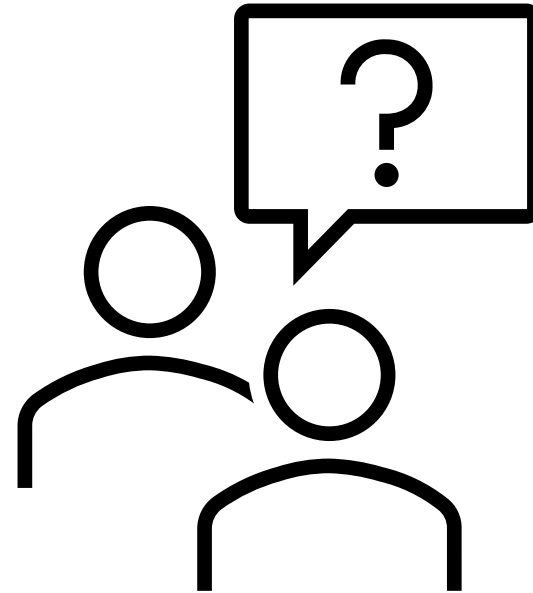
- A. Ignoring the issue unless leadership raises it
- B. Correcting the issue independently without notifying anyone
- C. Reporting the concern through established reporting channels
- D. Waiting until an annual audit to disclose the concern



# Question 10

Which scenario best illustrates fraud rather than waste or abuse?

- A. A provider accidentally uses an outdated billing code and corrects it once identified
- B. A provider bills Medicare for services that were never provided
- C. A provider orders additional tests due to unclear documentation
- D. A claim is delayed due to administrative backlog



# Knowledge Check Answers

1. C: Call the prescriber to verify the quantity
2. B: Report the incident to the compliance department (via compliance hotline or other mechanism)
3. B: False
4. E: All of the above
5. E: Follow your pharmacy's procedures
6. A: True
7. B: False
8. A: True
9. C: Reporting the concern through established reporting channels
10. B: A provider bills Medicare for services that were never provided

# Resources

# Job Aid: Resources

- [Office of Inspector General \(OIG\) Compliance Education Materials](#)
- [OIG Provider Self-Disclosure Protocol](#)
- [OIG Avoiding Medicare Fraud & Abuse: A Roadmap for Physicians](#)
- [OIG Health Care Fraud Prevention and Enforcement Action Team \(HEAT\) Provider Compliance Training](#)
- [OIG Safe Harbor Regulations](#)
- [CMS Part C and Part D Compliance and Audits Overview](#)
- [CMS Physician Self-Referral](#)

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