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# **WHITE COLLAR DECEIT: THE DARK SIDE OF MEDICAL PRACTICE & HEALTHCARE FRAUD**

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## **ABSTRACT**

White Collar Crime often remains a subject of discussion; however, deceit by white coats remains under dark side & its yet to be explored currently. The study examines the “dark side” of medical practice, where unethical & illegal acts by medical professionals for monetary benefit are committed using position of trust & authority. The study aims to understand typologies of healthcare fraud; main actors involved & analyze “medical mafia” nexus. It further assesses common concealment & detection methods, impact on individuals in society & effectiveness of current legal framework. The research adopts a mixed approach combining doctrinal & empirical methodology relying on academic literature, legal sources & primary data collected through survey to understand perceptions about healthcare fraud. The findings reveal systemic factors including profit-oriented mindset, competitive pressure in healthcare & weak regulation results in risk to patient health, monetary loss & diminished faith from healthcare system. The study concludes that strong technological intervention, cultivating ethic culture, encouraging transparency have detrimental to curb white-collar crime in medical system. The study contributes in understanding of healthcare fraud as a major domain in white-collar crime in medical field.

**KEY WORDS:** White-Collar crime, Healthcare fraud, Medical Mafia, Ethic Culture, Technology Intervention.

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## 1. INTRODUCTION

White-collar criminality in the healthcare industry is a widespread problem that compromises the integrity of medical practice and jeopardizes patient safety. While the medical industry is frequently considered as a stronghold of trust, competence, and ethical responsibility, the rise of fraudulent activities in this sphere runs counter to these principles. These crimes, which are often motivated by financial gain, cover a wide range of unethical acts, such as unlicensed medical practice, bribes, fraudulent billing schemes, ghost billing, and medical record falsification. The consequences of such crimes go beyond financial loss, resulting in a decline of public trust, impaired patient care, and a systemic erosion of the underlying values that guide healthcare delivery. This study investigates the dark side of medical practice, namely the numerous types of white-collar criminality in the healthcare industry. From the so-called “medical mafia,” a network of organized fraud within medical institutions, to individual incidents of unethical service providers, this study seeks to shed light on the scope and complexity of these illegal actions. This study examines high-profile incidents of white-collar crime in medicine and analyzes the legislative frameworks created to combat such wrongdoing in order to emphasize the substantial ramifications of these crimes for the medical profession, patient safety, and healthcare systems as a whole. Comprehending the dynamics of white-collar crime in the healthcare industry is crucial as governments and healthcare organizations work to guarantee access to safe, moral, and efficient medical care. In order to promote a more moral and open healthcare environment, the study attempts to pinpoint the main causes of these dishonest activities, evaluate their effects, and offer suggestions to lessen their frequency. In order to re-establish integrity and trust in the medical profession, the study emphasizes the urgent need for strong regulatory frameworks and increased responsibility.

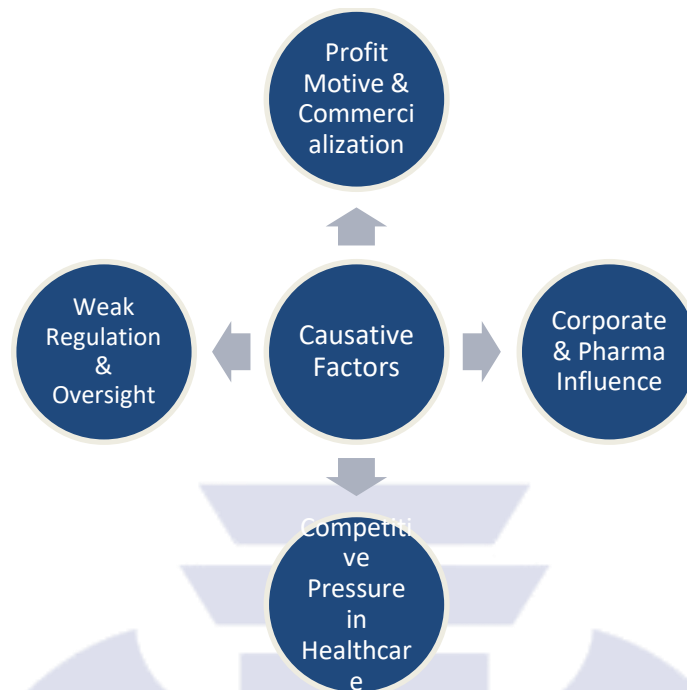
### 1.1 DEFINING WHITE-COLLAR CRIME IN MEDICAL FIELD

Drawing from the definition of Edwin H. Sutherland, White Collar Crime in the Medical field refers to the non-violent illegal & unethical acts by the healthcare professionals holding position of trust & authority in course of their professional activities to gain financial benefit.

#### **Essentials:**

1. Non-violent act
2. In position of trust & authority
3. During course of employment
4. To gain monetary benefit

## 1.2 UNDERLYING CAUSATION FACTORS



**Flowchart 1: Causation Factors of White-Collar Crime**

One of the major causation factors of such crimes is human greed that never ends or dissatisfaction from work or its output. In Medical field, Corporate & pharma influence has disturbed its ethical roots and persistent continuance of competitive pressure in healthcare shaken the system. Weak regulation & oversight works as positive reinforcement for white-collar criminals.

## 1.3 LITERATURE REVIEW

The increasing threat of white-collar crime does not spare the medical industry, which is frequently seen as one of the most honorable and reliable professions. As per **Department of Health & Public Services**, every year fraud costs medicare and medicaid tens of billions of dollars. These billions are health care expenditures that are wasted on greed when they might be utilized for elder care, prescription medications, or ER visits<sup>3</sup>.

According to **Akshayan KS & Deepak NS** analysis in their article<sup>4</sup> "White Collar Crime in

<sup>3</sup>Department of Health and Human Services, "Press Release: Attorney General Holder and HHS Secretary Sebelius Announce New Interagency Health Care Fraud Prevention and Enforcement Action Team." Department of Health and Human Services (20 May 2009), [www.hhs.gov/news/press/2009pres/05/20090520a.html](http://www.hhs.gov/news/press/2009pres/05/20090520a.html).

<sup>4</sup> Akshayan K S & Deepak N S, "White Collar Crimes in India: Field of Medicine" <https://www.legalserviceindia.com/legal/article-2180-white-collar-crimes-in-india-field-of-medicine.html>

India: Field of Medicine," medical professionals in India covertly commit crimes that help them avoid punishment. They engage in certain activities for financial gain, such as practicing medicine without a degree and using a phony certificate of completion of the relevant course (these individuals are referred to as quackery), abortion, which is a common term but female feticide, which is a medical term when done specifically for a girl child, and organ trafficking in conjunction with murder.

There are no limits to this white-collar fraud committed by medical professionals. We face a worldwide threat from this healthcare scam. According to the **Canadian Health Care Anti-fraud Association (CHCAA)**, the overall amount of fraud committed by doctors, pharmacists, and patients is likely to be similar in the US, Canada, India, and every other country in the world<sup>5</sup>.

**Lee Dongkyu** examines various facets of fraud brought on by the telemedicine industry's explosive growth in his paper "The Anticipation of Crime and Corruption Problems Due to Expansion of Telemedicine: A Study Based on Korea Medical Crime Investigation System," (MCIS) including patient drug abuse, unauthorized device use, and data abuse. He comes to the conclusion that institutional regulations that are internationally standardized are required<sup>6</sup>. Furthermore, **Stelfox and Redelmeier** believed that one of the main causes of medical spending waste was medical insurance fraud. After a patient dies, some relatives in Canada continue to use their information to commit medical fraud. When taken as a whole, these studies expand our understanding of health insurance fraud and provide practitioners and legislators with useful data<sup>7</sup>.

According to several globally renowned experts on medical fraud, including **Dr. David Evans**, who is in charge of the World Health Organization's (WHO) Department of Health Systems Financing, health care fraud is not only grossly underreported worldwide, but is also expected to get worse as a result of the current global financial crisis. "It appears that the cost of fraud often rises during economic downturns."<sup>8</sup>

According to **Arugyam**, 31.4% of allopathic physicians in India have only a secondary education. The figures for dentistry are even worse, in addition to the fact that 57.3% of medical

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<sup>5</sup> Adam Miller, "Medical Fraud North of the 49th" 185(1) *PubMed Central* E31-33 (2013) <https://pmc.ncbi.nlm.nih.gov/articles/PMC3537805/>

<sup>6</sup> Lee Dongkyu, "The Anticipation of Crime and Corruption Problems Due to Expansion of Telemedicine: A Study Based on Korea Medical Crime Investigation System" 9 *Frontiers in Public Health* (2021) <https://doi.org/10.3389/fpubh.2021.767671>

<sup>7</sup> Henry Thomas Stelfox & Donald A Redelmeier, "An Analysis of One Potential Form of Health Care Fraud in Canada." 169 *CMAJ* 118-119 (2003) <https://pubmed.ncbi.nlm.nih.gov/12874158/>

<sup>8</sup> Adam Miller, "Exposing medical fraud: "one of the last taboos in society" 185(1) *PubMed Central* 16-17 (2013) <https://pmc.ncbi.nlm.nih.gov/articles/PMC3537775/>

professionals did not hold a degree: The bare minimum of qualifications required to practice dentistry was held by 27.4% of dentists in rural regions and 46.2% of dentists in metropolitan areas<sup>9</sup>.

**Operation Pangea XIII** data indicates that a large number of illegal internet sales of pharmaceuticals and medical supplies, such as fake facemasks, inferior hand sanitizers, and unapproved antiviral drugs, occurred. The majority of the more than 37,000 illicit and fake medical devices found were surgical masks, glucose and HIV self-testing kits, and surgical instruments<sup>10</sup>.

Study by **Parul Naib et al.** reflects the perception of various frauds & causation factors in light of theory of planned behavior. They found strong association of healthcare fraud & action of the state while assessing PM Jan Arogya Yojna Health Insurance Schemes. It was noted due to delay in availing reimbursements; professionals resort to such unethical practices<sup>11</sup>.

**Kameshwar Rao & Arvind Agrawal** examined healthcare Insurance fraud & observed substantial losses because of this dark side of medical profession which extends to impact even technical efficiencies within our medical system. They suggested usage of specialized fraud management systems to curb it<sup>12</sup>.

#### 1.4 STATEMENT OF PROBLEM

The pernicious nature of fraud, from quackery to the illicit selling of pharmaceuticals, exposes a darker aspect that is still mainly unexplored despite the lofty façade of healthcare. The research gaps around this topic, especially the dearth of thorough data on the true impact of such dishonest tactics, will be the focus of the study. It will also look at possible ways to reduce healthcare fraud, highlighting the necessity of stronger laws and improved training for professionals. In the end, our investigation aims to increase knowledge of the overlooked aspects of white-collar crime promoting a better comprehension of their repercussions and the pressing need for reform in our healthcare systems.

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<sup>9</sup> Kajal Sharma, Ekta, Akshay Oberoi & Amit Sharma, "Analysis of emerging frauds in Healthcare industry and it's impact on sustainability" 2(1) Asian Journal of Management & Commerce 21-24 (2020) <https://www.allcommercejournal.com/article/32/1-2-11-670.pdf>

<sup>10</sup> Mary Ann Cortese, "Operation Pangea XII Seizes Thousands of Counterfeit Medical Supplies Related to the COVID-19 Pandemic Worldwide" *Property Rights Alliance* (2020) <https://propertyrightsalliance.org/news/operation-pangea-xii-seizes-thousands-of-counterfeit-medical-supplies-related-to-the-covid-19-pandemic-worldwide/>

<sup>11</sup> Parul Naib, Shiv D. Gupta & Sudha Chandrashekar, "Study of Provider Perceptions of Types and Extent of Fraud in Health Insurance Scheme in India", 27(1) Journal of Health Management (2024) <https://doi.org/10.1177/09720634241304983>

<sup>12</sup> K Rao & A. Agrawal, "Fraud Management" in S. Prinja (ed.), Healthcare Financing & Insurance 259-290 (Springer, Singapore, 2025) [https://link.springer.com/chapter/10.1007/978-981-95-3513-2\\_12](https://link.springer.com/chapter/10.1007/978-981-95-3513-2_12)

## 1.5 OBJECTIVES OF STUDY

1. To understand the type of healthcare fraud manifested within the healthcare system and primary types of healthcare providers involved.
2. To understand nexus of Medical Mafia.
3. To analyze the concealment & detection methods in healthcare fraud.
4. To analyze the impact & financial implications of healthcare fraud.
5. To analyze current framework penalties and sanctions in deterring healthcare fraud.

## 1.6 SCOPE & LIMITATIONS

1. The scope of this research is limited in understanding healthcare fraud as a white-collar crime in medical profession. It is significant to note that medical fraud has long extensions within our system. For instance, the case of *Sanjeev G. Devre & ors. V. The State of Maharashtra & ors.*<sup>13</sup> shows misuse of medical authority by falsifying medical certificate & and showing increment in the height of candidates (sub- inspector) after recruitment, who were initially ineligible & in the case of *K. Murugan v. The Executive*<sup>14</sup> reveals misuse of power for making false disability certificate. Such cases demonstrate medical fraud in administrative & recruitment processes. This aspect of medical fraud is beyond the scope of my present study which covers healthcare fraud in medical practice.
2. Secondly, Sample size in my empirical analysis remains limited & is primarily collected from law students which may show a comprehensive picture.
3. Lastly, while certain global references have been made, this research largely confines to Indian context.

## 1.7 RESEARCH METHODOLOGY

The research combines doctrinal & empirical analysis. For doctrinal analysis, various reports, journals & statutes have been referred & for empirical analysis, questionnaire survey was done to assess awareness & perceptions regarding white-collar crime to better understand the problem and offer suggestions for future preventive actions. The Sample size taken is of 70 respondents.

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<sup>13</sup> 2004(2)MHLJ103

<sup>14</sup> W.P(MD) No. 19164 of 2022

## 2. CONCEPTUAL FRAMEWORK & TYPES OF MEDICAL FRAUD

In the medical field, white-collar crime includes a broad variety of unlawful practices, Medical fraud emerges as a information asymmetry healthcare providers & patients. It refers to deliberate act of deception in field of healthcare to gain monetary benefit. The unlicensed practice of medicine, bribes for patient referrals, unethical billing practices, and medical record falsification are a few examples. The goal to maximize profits at the expense of patient welfare and ethical norms is frequently the driving force behind these crimes, which have financial motivations.

### 2.1 TYPES OF MEDICAL FRAUD

#### 1. *Fraudulent Billing Practices*

One of the most common forms of white-collar crime in the medical industry is fraudulent billing. This includes doctors intentionally making false claims against clients, insurance providers, or government programs like as Medicare and Medicaid. Ghost billing, upcoding (charging for more costly services than those actually provided), unbundling (separating services that should be billed together to increase expenditures), and invoicing for services that were never offered are common strategies.

#### 2. *Upcoding*

Numerous cases of fraud under the Bhamashah plan have been discovered in Rajasthan, including involving unneeded intensive care unit (ICU) care that costs more than three times as much as ordinary ward care. Similarly, instances of upcoding in surgeries combining many operations rather than simply the ones performed were found in Karnataka. For instance, a claim would be filed for the Rs 15,000 "adhesiolysis ovarian cystectomy" package rather than the Rs 8,000 "ovarian cystectomy" package that was actually done<sup>15</sup>.

#### 3. *Ghost Billing*

Numerous instances of fraudulent transactions were found under PM-JAY in states like Punjab, Karnataka, Chhattisgarh, and Uttar Pradesh, in which providers submitted fictitious bills in patients' names without rendering any services. Since the patient may

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<sup>15</sup>Suvarna Arogya Suraksha Trust Government of Karnataka. "2nd Empanelment Disciplinary Committee Report of Suvarna Arogya Suraksha Trust." 2017, Available at : [arogyakarnataka.gov.in/sast/details/42-edc.pdf](http://arogyakarnataka.gov.in/sast/details/42-edc.pdf)

be demonstrated to be discharged on the same day, this was especially evident in the case of childcare packages like cataract procedures<sup>16</sup>.

#### 4. *Kickbacks and Bribery*

Under these bribery and kickbacks, pharmaceutical firms, makers of medical devices, or other organizations offer financial incentives to healthcare practitioners in return for prescribing specific drugs, sending patients to particular institutions, or utilizing specific medical equipment.

Because financial incentives rather than medical need are used to make choices, these unethical behaviors have the potential to jeopardize patient care. According to audits, the public facility's pharmacy had conspired with the private hospital's treating physician to provide fictitious referrals to the hospitals in return for kickbacks<sup>17</sup>.

#### 5. *Unauthorized Practice of Medicine*

Another significant problem is the unlicensed practice of medicine, also known as "quackery." This happens when people pose as medical practitioners and provide treatments or prescriptions without the required training or credentials. In addition to defrauding patients, quackery can cause serious health issues, including death.

According to **WHO research** from 2016, 57% of those claiming to be physicians in India in 2001 had medical credentials, and one-third had just completed secondary school. Only 18.8% of physicians practicing contemporary medicine in rural locations were determined to be qualified to do so. In one instance, it was discovered that an unlicensed physician had conducted over 1,000 procedures in three years<sup>18</sup>.

#### 6. *Falsification of Medical Records*

One major white-collar crime that can have far-reaching effects is falsifying medical records. This might entail fabricating data in clinical trials to obtain regulatory permission for new medications, exaggerating symptoms to support needless operations, or changing patient records to conceal medical mistakes. According to one

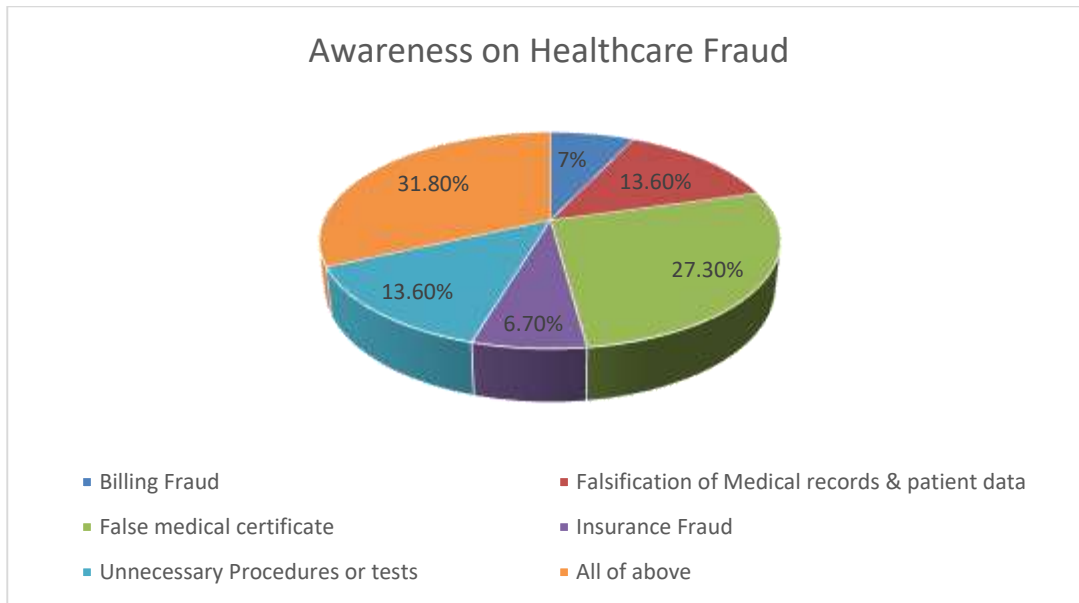
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<sup>16</sup> Maitri Porecha, Fraudsters threaten to bleed Ayushman Bharat scheme. *The Hindu Business Line* (2019) , Available at : <https://www.thehindubusinessline.com/news/fraudsters-threaten-to-bleed-ayushman-bharat-scheme/article29402337.ece>

<sup>17</sup>Atal Ayushman Uttarakhand Yojana Government of Uttarakhand. "De-empanelment Orders of Jan Sewa Hospital." 2019, Available at : [sha.uk.gov.in/ScannedDocs/WebSite/Uploads/DE-EMP/5.Jansewa\\_hospital\\_kashipur\\_final\\_order\\_11.07.19.pdf](sha.uk.gov.in/ScannedDocs/WebSite/Uploads/DE-EMP/5.Jansewa_hospital_kashipur_final_order_11.07.19.pdf)

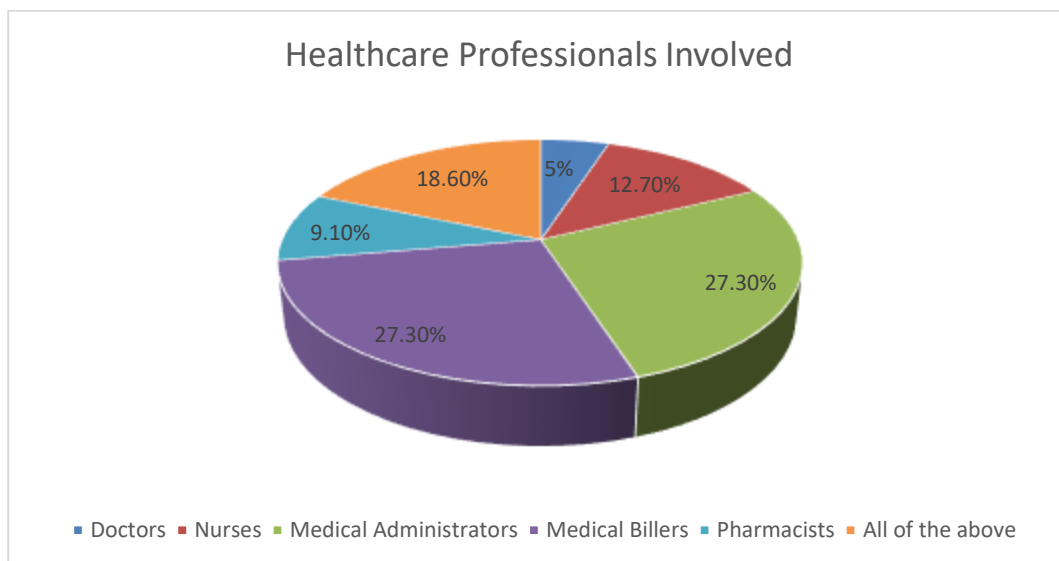
<sup>18</sup>Rajput S. Mumbai: Unqualified doctor arrested for performing surgery on taxi driver. *The Indian Express* (2021) Available at : <https://indianexpress.com/article/cities/mumbai/unqualified-doctor-arrested-for-performing-surgery-on-taxi-driver-7372938/>

research, Indian heart patients were getting cardiac stents placed for no medical reason<sup>19</sup>.



Empirical analysis reveals that among the several types of healthcare fraud, 31.8% knew about all of the above mentioned. 27.3% showed awareness about false medical certificate being made nowadays, a popular thing among university students. Both unnecessary procedure or test and falsification of medical records or patient data attracts 13.6% participants individually. 7% are aware about billing fraud & rest 6.7% knows about insurance fraud.

## 2.2 UNCOVERING THE MASKS: ENGAGEMENT OF HEALTHCARE PROFESSIONALS IN HEALTHCARE FRAUD

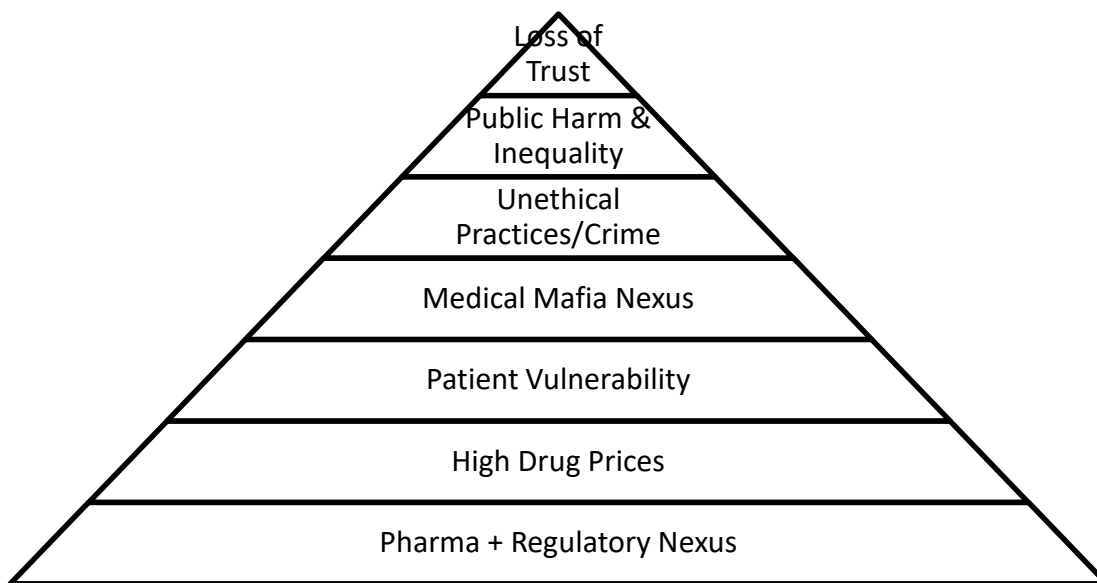


<sup>19</sup> Soumyadeep Bhaumik, “Cardiologists are putting in stents needlessly, doctors say” 346 *PubMed Central* (2013) <https://doi.org/10.1136/bmj.f739>

Empirical analysis suggests that 27.3% of the participants believe that Medical Billers are most likely to commit healthcare fraud. Another section of 27.3% believed that medical administrators most likely to be involved. 12.7% of the view goes to the nurses. 9.1% believed that pharmacists are involved in such fraud & rest 18.6% believes all to be part of such medical fraud. The revealing part of this question is that people still have faith in doctors and only few doubted doctors' involvement in the fraud. However, most of the respondents indicated towards other medical professionals instead of doctors.

### 2.3 MEDICAL MAFIA & UNETHICAL PRACTICES

The term 'Medical Mafia' refers to a powerful nexus between pharmaceutical companies, healthcare professionals & allied industries like agribusiness, pharma or insurance companies. This Mafia is often known for disregarding public health & running on profit-based model system.



**Figure 1: Hierarchical Flow of Medical Mafia Nexus**

#### 2.3.1 DIMENSIONS OF MEDICAL MAFIA

##### 1. Drug Pricing & Patent Control

The large pharmaceutical corporations only have the patent rights to market medications for certain diseases since the Medical Mafia opposes generic drugs and demands strict patent regulations for medications in this sector. As a result, the cost of medication becomes exorbitant.

## 2. Public Health Risks & Industry Influence

According to the Centers for Disease Control and Prevention (CDC), 35,000 individuals died in 2019 as a result of 2.8 million infections caused by antibiotic-resistant bacteria<sup>20</sup>. Furthermore, the spread of industrial farming and the increasing political-economic clout of Big Pharma and agribusiness pose significant risks to the environment and human health by sharing profit from collective loss of society. For instance, the tobacco producing firm getting portion in the cancer medication company.

## 3. Organized crime & Healthcare Fraud

Circulation of Healthcare equipment (like protective masks, antimalarial drug, vaccines, disinfectants) in large quantities have become modus operandi of white-collar criminals through fake label marketing on dark web taking form of organized crime & growing “mafia super business”.<sup>21</sup> Study by Mackey & Liang<sup>22</sup> also reveals aspect of medical fraud as part of organized white-collar crime distorting public trust in medical system. Drainage of public funds is there leading to reduced efficiency.

## 4. Organ Trafficking Nexus

Trafficking of organs like Kidney have become common. According to Dr Cohen, India’s kidney bazaar works as a supplier of kidney to many countries. In fact, ‘Bombay Kidneys’ are considered better than ‘Madras Kidneys’<sup>23</sup>.

In *The Gurgaon Kidney Scandal*<sup>24</sup>, Dr. Amit Kumar conducted a huge illicit kidney transplant ring where kidneys from underprivileged workers were illegally harvested by frequently tricking or forcing them. For significant financial gains, the kidneys were then transplanted into affluent patients from India and outside. The controversy brought to light the darker side of the medical industry, when dishonest physicians took advantage of weaker patients in order to make money.

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<sup>20</sup>Kimberlee Cook and Caitlin Vinton, How Agribusiness & Big Pharma Hijacked our health, *Global Centre for Climate Justice* (2022)

<sup>21</sup> Nina Mladinic, Sime Josipovic et al., “THE DANGER OF ORGANIZED CRIME IN THE AREA OF FALSIFICATION OF MEDICINES & MEDICAL PRODUCTS (PROFIT VS. RIGHT TO HEALTH)” *EU & Comparative Law Issues & Challenges Series (ECLIC)* 113-139 (2024) <https://doi.org/10.25234/ecllc/32273>

<sup>22</sup> James Dickinson, Deadly medicines & organized crime, How big pharma has corrupted healthcare (CFP,2014) <https://pmc.ncbi.nlm.nih.gov/articles/PMC4046551/>

<sup>23</sup> Mathew Abraham, “Trafficking of Human Organs in India,” Paper presented at the Pontifical Academy of Social Sciences Conference on Human Trafficking: Issues Beyond Criminalization, Casino Pio IV, Vatican City, 17-20 April 2015. <https://rihrraj.org/wp-content/uploads/2021/04/Trafficking-of-Human-Organs-in-India-report.pdf>

<sup>24</sup>Aishwarya Raj, Kidney racket that lured donors, recipients from Bangladesh via Facebook busted: Gurgaon Police, *The Indian Express* (2024), Available at : <https://indianexpress.com/article/cities/delhi/kidney-racket-that-lured-donors-recipients-from-bangladesh-via-facebook-busted-gurgaon-police-9252282/>

## 5. Unethical service provider

Unethical provider activities have the potential to affect health systems across the world<sup>25</sup>. Patients who think their doctor is operating in their best interest are also betrayed by unethical medical procedures, which can have a negative effect on their health<sup>26</sup>. It is challenging to know with certainty whether a certain therapy is medically required and when it can be a waste of money due to the nature of healthcare treatments, as well as the uncertainties and personalization of the care involved. Healthcare fraud is challenging to detect because it is challenging to demonstrate the motivations underlying the provider's conduct<sup>27</sup>. Numerous studies have examined the distinctive features of the healthcare industry that render it susceptible to unethical provider activities<sup>28</sup>. The perfect environment for malpractices is created by the total faith that patients have in the healthcare provider and the informational asymmetry that exists between the buyer (insurance company/payer) and seller (healthcare provider) regarding the patient's true health issues. This is made worse by the fee-for-service payment model's incentive mismatch and the inelastic demand for healthcare services. However, the demand for healthcare is very inelastic, meaning that even if a treatment is expensive, the patient must pay for it since it directly affects their life and health, even if it means selling assets or spending less on other necessities. In addition to causing financial leaks, unethical practices have a negative effect on patient health outcomes, such as higher patient mortality rates, and result in unequal access to high-quality healthcare services. For example, when funds are charged to low-income beneficiaries who may not be able to pay, they may be denied care<sup>29</sup>.

*Systemic Factors enabling the nexus is weak enforcement, profit-driven healthcare models, patients' vulnerability & dependence on medical care.*

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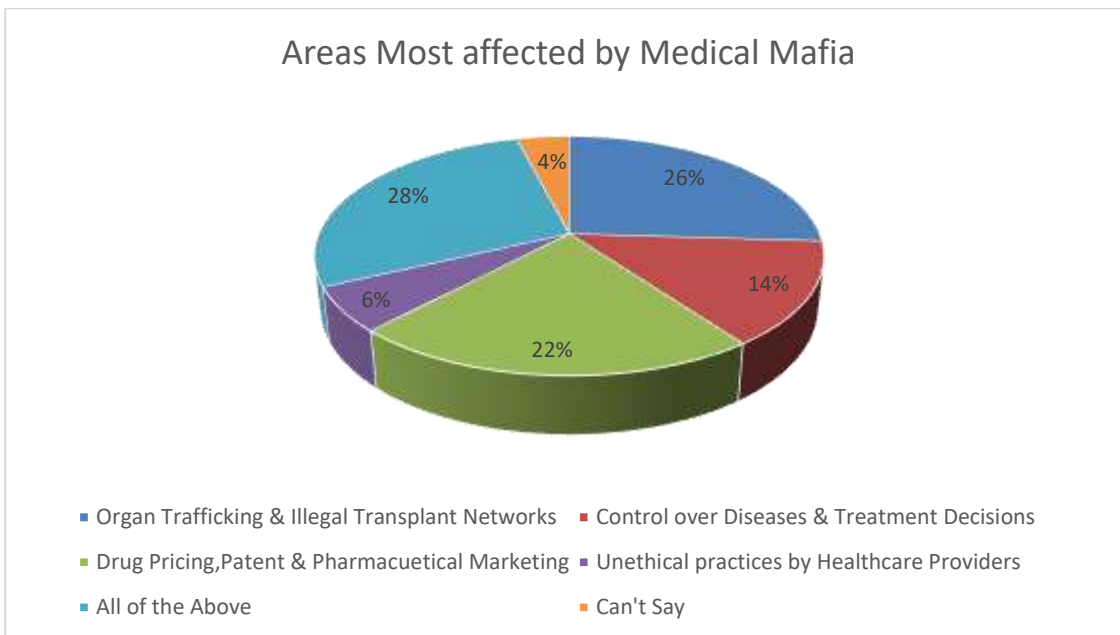
<sup>25</sup>Transparency International. Global Corruption Report 2006: Special Focus: Corruption and Health. (2006), Available at: <https://doi.org/10.2307/j.ctt184qq53>

<sup>26</sup>Mathieu Hanf, Astrid Van-Melle, Florence Fraisse, Amaury Roger A, Bernard Carne, Mathieu Nacher, "Corruption kills: Estimating the global impact of corruption on children deaths" 6(11) *PubMed Central* (2011) <https://doi.org/10.1371/journal.pone.0026990>

<sup>27</sup> Kenneth J Arrow, "Uncertainty and the Welfare Economics of Medical Care.1963" 82(2) *PubMed Central* 141-149 <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2585909/pdf/15042238.pdf>

<sup>28</sup> Passard C. Dean, Josseibel Vazquez-Gonzalez , Lucy Fricker, "Causes and Challenges of Healthcare Fraud in the US." 4(14) *International Journal of Business & Social Science* 1-4 <https://api.semanticscholar.org/CorpusID:167920927>

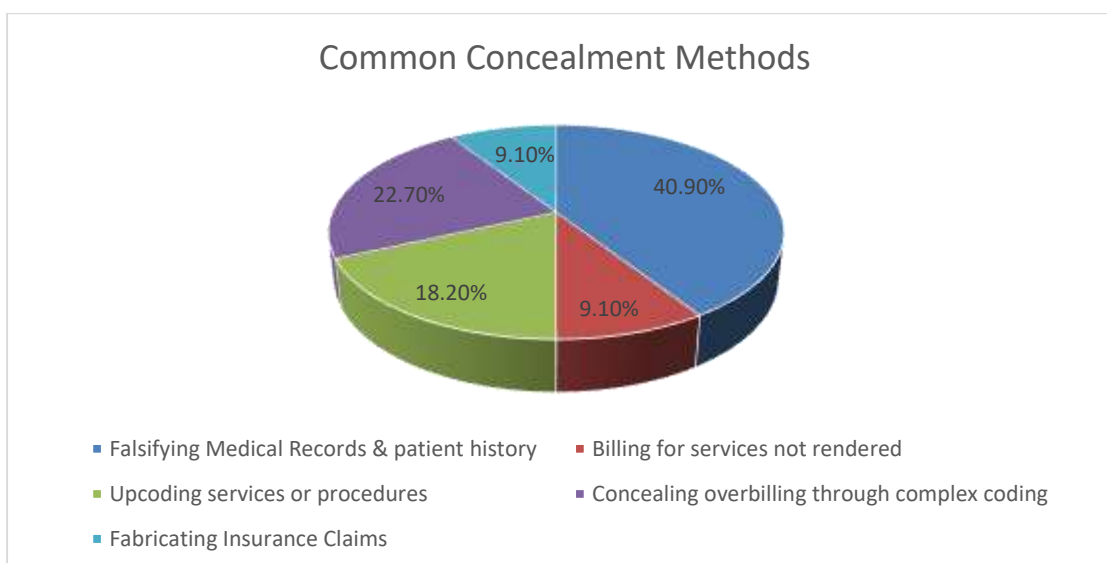
<sup>29</sup> Sanjeev Gupta, Hamid R. Davoodi, Erwin R. Tiongson, "Corruption and the provision of health care and education services" IMF Working Paper No. 00/116. *SSRN* (2006) <https://ssrn.com/abstract=879858>



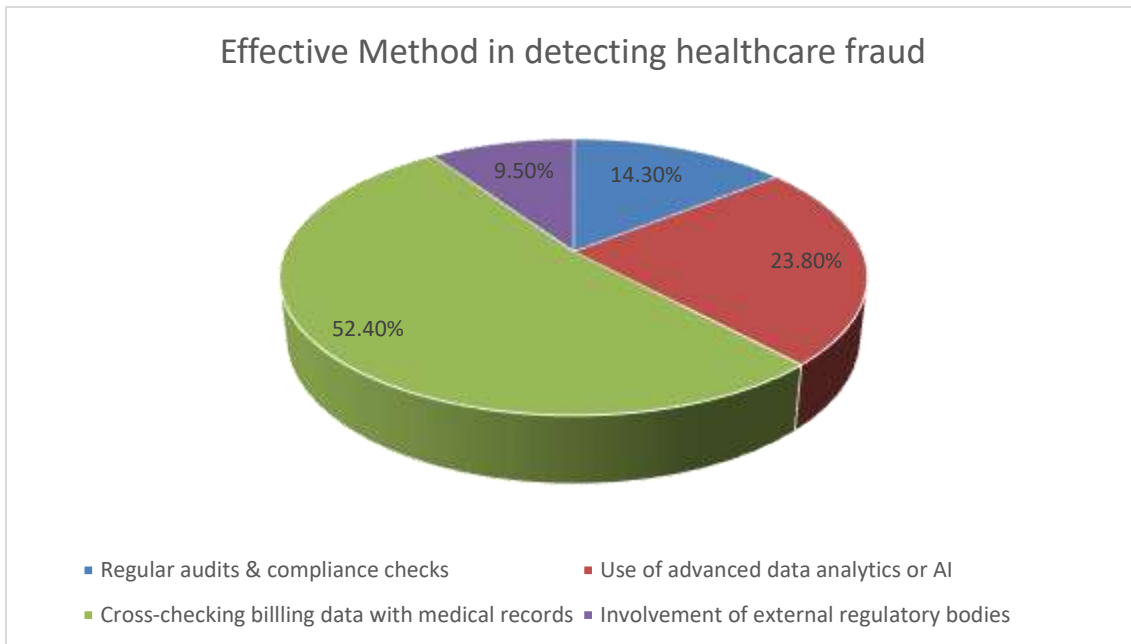
Empirical data reveals that according to 26% of the respondents, organ trafficking & illegal transplant networks is the most affected area. Another section of 22% believes drug pricing, patent & pharmaceutical market becomes easy tool to jeopardize medical system. Minority of 6% believes unethical practices by healthcare providers facilitating crime. A majority of 28% considers all areas to be severely affected. However, 4% were doubtful of areas to be affected.

### 3. METHODS OF CONCEALMENT & DETECTION IN HEALTHCARE FRAUD

Healthcare Fraud are embedded in complex structures making it difficult to identify. Various methods are employed by the perpetrators to conceal their fraudulent activities. That's why detecting such fraud requires advanced technology & regulatory process.



The majority of participants (40%) believed falsifying medical records of the patient histories is the most common method to conceal healthcare fraud. Another major chunk of 22.7%, participants believe that they conceal over billing through complex coding. 18.2% believe that upcoding services or procedures are done to conceal fraud. 9.1% considers usage of fabricated insurance claims to conceal the healthcare fraud as most common method. Remaining 9% believes improper billing gives way for concealment. The doctor-patient relationship is based on trust and accurate information that allows doctors and patients to make informed choices. Falsifying medical records jeopardizes the patient’s health and may be done to cover up medical malpractice that caused harm to the patient.



When asked about effective detection method, empirical data reveals that 52.4% that cross-checking billing data with the medical records is the most effective way to detect healthcare fraud. 23.8% believed using artificial intelligence or advanced data analytics can be a good detection method. 14.3% believes regular audits & compliance checks will be effective in detecting & rest, 9.5% believes involvement of external regulatory bodies can detect such fraud.

A study by Andi Yaumil et al. reveals few detection approaches like *Statistical Engineering Data Mining Approach, exploratory study using archive data, comparison of logistics regression etc.* to detect healthcare fraud<sup>30</sup>.

<sup>30</sup> Andi Yaumil Bay R. Thaifur, M. Alimin Maidin, Andi Indahwaty Sidin & Amran Razak, “How to Detect Healthcare Fraud? A Systematic Review”, 35(2) Gaceta Sanitaria S441-449 (2021) <https://doi.org/10.1016/j.gaceta.2021.07.022>

## 4. LEGAL FRAMEWORK TO ADDRESS WHITE COLLAR CRIMINALS IN MEDICAL FIELD

White-collar crime in the medical field has been addressed by a number of legislative frameworks. These regulations are intended to safeguard patients, maintain the integrity of healthcare systems, and punish criminals responsible.

### 4.1 Bhartiya Nyaya Sanhita, 2023 (BNS)

Numerous white-collar offenses in the medical field are addressed by the **Bhartiya Nyaya Sanhita, 2023 (BNS)**. The following are important parts pertaining to medical fraud:

<b>Section 318(4), BNS</b>	Addresses dishonestly obtaining property deli every & cheating. It is relevant in situations of fraudulent billing, in which healthcare providers mislead patients or insurance in order to profit.
<b>Section 336(3), BNS</b>	Refers to cheating by forgery, which can be used in situations when medical documents are fabricated.
<b>Section 340(2), BNS</b>	Addresses the use of falsified papers as authentic, which is pertinent when phony medical degrees or certifications are employed.
These clauses permit the prosecution of those engaged in several types of medical fraud, with fines and/or incarceration as possible sanctions.	

### 4.2 *The Indian Medical Council (Professional Conduct, Etiquette & Ethics) Regulations, 2002*

A code of ethics for medical professionals was developed by the Medical Council of India (MCI), which has since been superseded by the National Medical Commission (NMC). These rules highlight how crucial it is to uphold professional integrity and forbid actions like taking bribes, receiving unapproved medical care, and fabricating medical records. Suspension or loss of medical licenses, may follow violations of these ethical principles.

<b>Rule 1.7</b>	Talks about exposure of unethical conduct & states that a physician should always expose any corrupt, dishonest or unethical conduct.
<b>Rule 7.1</b>	States liability of physician who either omits to maintain medical records of patient or doesn't display the registration number provided to him by MCI

<b>Rule 7.8(a)</b>	States Non-contravention of Drugs & Cosmetics act & regulations by prescribing steroids or drugs unnecessarily.
<b>Rule 8</b>	Talks about Punishment & disciplinary action stating that every care should be taken for non-violation of the rules.

#### ***4.3 The Prevention of Corruption Act, 1988***

Another important piece of legislation in the fight against white-collar crime in the medical field is the Prevention of Corruption Act. Bribery and corruption among public personnel, particularly physicians and healthcare managers employed by the government, are addressed by this statute under **Section 7**. Offering or receiving bribes in return for medical services or referrals is illegal under this statute, and anyone found guilty face harsh punishments.

#### ***4.4 The Drugs and Cosmetics Act, 1940***

The act contains measures to stop the unlawful marketing of unapproved medications as well as the selling of fake or inferior medications. **Chapter IV** of the act explicitly talks about manufacture, sale & distribution of drugs & cosmetics. **Section 17** of the act provides for penalty for manufacturing or selling counterfeit or spurious drugs. This law is especially important when pharmaceutical corporations are involved in unethical activities like paying doctors to prescribe particular medications or fabricating data from clinical trials.

#### ***4.5 The Clinical Establishments (Registration and Regulation) Act, 2010***

By establishing guidelines for their operations and guaranteeing adherence to moral principles, the Clinical Establishments Act seeks to govern private healthcare institutions in India. Healthcare practitioners are obligated by this statute to keep correct records, follow recommended treatment guidelines, and refrain from fraud. Penalties for non-compliance may include fines and facility closures are given under **Chapter VI** of the act from **Section 40-46** of the act. However, protection of action in good faith is provided in **Section 47** of the act.

#### ***4.6 The Consumer Protection Act, 2019***

Patients have a way to file complaints against healthcare providers under the Consumer Protection Act. This law enables patients to protest about service shortcomings, such as carelessness, unapproved treatments, and fraudulent billing, against healthcare providers and facilities. **Section 90 & 91** of the act provides punishment for manufacturing or selling or storing or importing or distributing adulterated products for sale or spurious goods.

#### **4.7 The Medical Devices Rules, 2017**

The regulation and approval regarding medical devices in India are done as per accordance to these rules. As per **Rule 15** of these rules, any fraudulent selling of medical device, for example: selling substandard or fake device as authentic one, it can be prosecuted under these rules.

### **5. IMPACT & CHALLENGES OF WHITE-COLLAR CRIME IN MEDICAL PROFESSION**

Beyond the obvious monetary losses, white-collar crime in the medical field has far-reaching effects. These offenses damage patient safety, weaken public confidence in healthcare professionals, and call into question the moral underpinnings of the medical field.

#### ***5.1 Erosion of Public Trust***

This decline in confidence is not specific to the Indian medical community; data indicates that it is a worldwide issue that is becoming more and more prevalent, and the Indian situation is similar to that of many health systems in low- and middle-income countries (LMICs)<sup>31</sup>. The medical profession is built on a foundation of trust, where patients rely on doctors and healthcare providers to act in their best interests. White-collar crimes, such as fraudulent billing, kickbacks and unauthorized practices, significantly damage this trust.

Patients feel betrayed and lose faith in the medical system as a whole when they discover that their healthcare practitioners have participated in unethical or unlawful behavior. Long-term consequences of this breakdown of trust may include heightened skepticism and a reluctance to seek medical attention.

#### ***5.2 Compromised Patient Safety***

Patient safety in the medical field is directly impacted by white-collar crime. Patients are at danger when medical professionals utilize fake medications or recommend needless procedures out of financial interest. In a similar vein, unlicensed professionals without the required training may seriously injure patients by making inaccurate diagnosis or administering unsuitable therapies.

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<sup>31</sup>Stefan Timmermans & Hyeyoung Oh, "The Continued Social Transformation of the Medical Profession", 51(Suppl.) Journal of Health and Social Behavior S94-S106 (2010) <https://doi.org/10.1177/0022146510383500>

Because inaccurate information may result in inappropriate treatment recommendations, falsifying medical records can potentially have serious consequences. In the end, these crimes may result in greater morbidity, poorer health outcomes, or even death.

### 5.3 Ethical Degradation

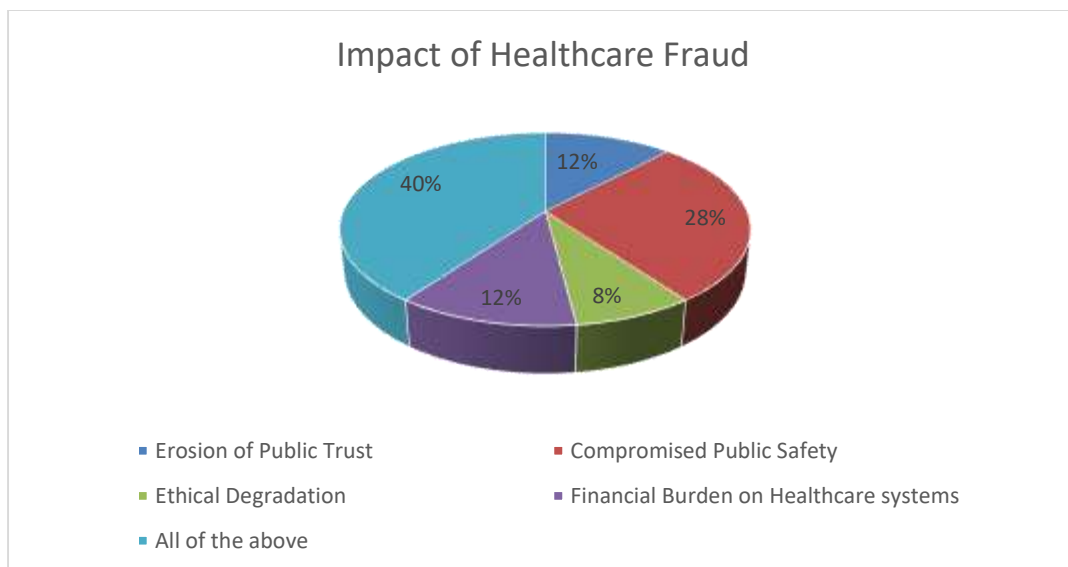
The stringent code of ethics that governs the medical field is based on the following core principles: autonomy, beneficence, nonmaleficence, and fairness. These moral precepts are fundamentally broken by white-collar crimes.

In addition to hurting individual patients, dishonest behavior by medical practitioners damages the standing of the whole field. A culture of corruption and misconduct within the healthcare system may result from this ethical deterioration.

### 5.4 Financial Burden on Healthcare Systems

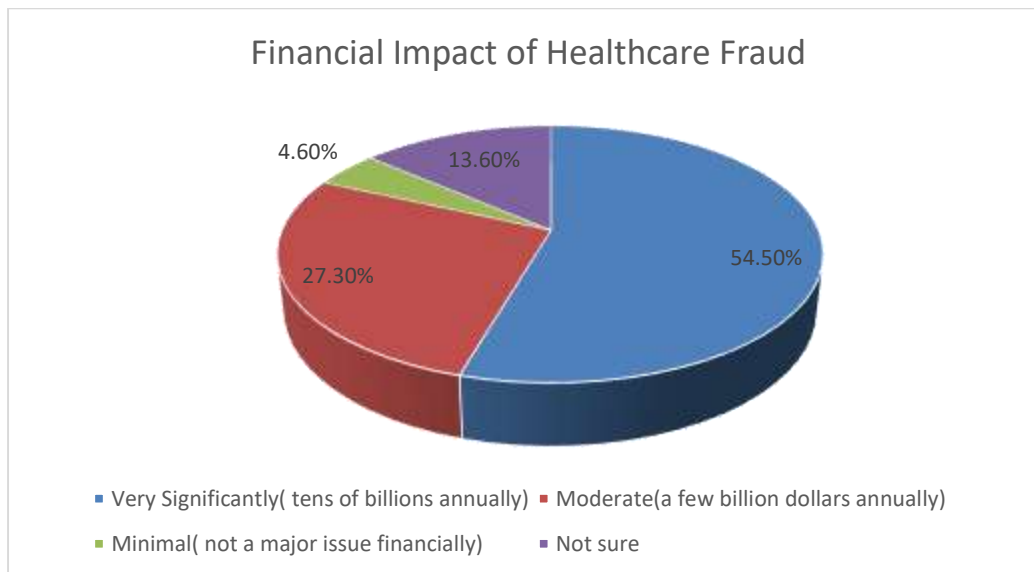
Healthcare systems are heavily burdened financially by white-collar crime. In instance, fraudulent billing methods result in exorbitant medical expenses that are frequently transferred to consumers, insurance providers, and government initiatives.

The healthcare system is further burdened by the resources required to investigate and prosecute these crimes. Over time, these monetary losses may diminish the accessibility of vital medical treatments, particularly in environments with low resources, and jeopardize initiatives to make healthcare more accessible.



28% believes that one of the disastrous impacts of healthcare fraud is compromised public safety. Erosion of public trust & financial burden on healthcare systems is considered negative impact by 12% of respondents individually. 8% believes healthcare is impacting ethics leading

to ethical degradation & a majority of respondents believes all above mentioned to be major impacts.



54.5% believes that there is very significant financial impact. 27.3% believes moderate financial impact. 13.6% were not sure about the financial damage caused & 4.6% believes that it is not a major issue financially.

## 6. CONCLUSION & SUGGESTIONS

White-collar crime within the healthcare sector, including fraudulent billing practices, ghost billing, upcoding, kickbacks, and the widespread influence of the so-called “medical mafia,” represents a significant threat not only to the financial stability of healthcare systems but also to the health and trust of patients. These unethical practices undermine the very foundations of medical care, erode public confidence, and compromise the quality of service delivered to those who rely on the integrity of healthcare professionals. Moreover, the actions of unethical service providers have far-reaching consequences, affecting resource allocation, patient safety, and overall public health outcomes. Ultimately, combating medical fraud can be a one-stop solution which requires a *collective effort from all stakeholders - government regulators, healthcare providers, pharmaceutical companies, and patients* themselves. By reinforcing ethical standards and ensuring strict enforcement of anti-fraud measures, we can work towards restoring trust in the medical profession and building a healthcare system that truly prioritizes patient care over profit. Through these concerted efforts, we can begin to eliminate the shadow of white-collar crime that continues to plague the medical field, safeguarding both the integrity of healthcare and the health of individuals worldwide.

A multifaceted strategy including legal reforms, more enforcement, and a renewed focus on ethical standards is needed to combat white-collar crime in the medical field.

### ***6.1 Strengthen Regulatory Oversight and Enforcement***

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Governments and regulatory bodies should increase auditing and surveillance of healthcare providers' billing practices. This includes the implementation of sophisticated data analysis tools to detect patterns of fraud, such as upcoding or ghost billing. Regular and random audits by third-party organizations can reduce the opportunities for fraudulent activities to go unnoticed. Anti-kickback regulations should be more rigorously enforced.

### ***6.2 Promote Transparency in Medical Billing***

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Establish clear, uniform standards for medical billing across all healthcare providers and institutions. This would reduce the ambiguity and opportunities for manipulation such as upcoding. Make detailed financial transactions of healthcare institutions public, including their relationships with pharmaceutical companies and medical equipment suppliers.

### ***6.3 Address the "Medical Mafia" through Structural Reform***

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Independent Oversight of Pharmaceutical Companies by regulatory bodies like the FDA should be there. Strict Regulations on Pharma-Provider Relationships should be implemented including mandatory disclosure of financial ties and prohibiting lucrative perks, such as speaker fees or free trips, that can encourage conflicts of interest and unethical practices.

### ***6.4 Cultivate a Culture of Ethics and Accountability***

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Integrate ethics by teaching the dangers of unethical behavior and given the tools to make decisions that prioritize patient well-being over financial incentives. Ensure robust legal protections for healthcare workers who report unethical practices. Internal Ethical Oversight Committees should be established.

### ***6.5 Leverage Technology for Fraud Detection***

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Data-Driven Fraud Detection should be used. Usage of artificial intelligence and machine learning to analyze large datasets & by incorporating technology, healthcare systems can more quickly and accurately identify suspicious activities, preventing widespread abuse. Blockchain for Medical Record Security can reduce the risk of falsification or tampering.

### ***6.6 Strengthen International Cooperation***

Given the global nature of medical fraud (e.g., the role of multinational pharmaceutical companies), international collaboration among healthcare regulators, law enforcement agencies, and financial institutions is crucial. Cross-Border Monitoring of Pharmaceutical Practices will encourage sharing of information about fraudulent activities and issuing global sanctions to deter malpractice.

### ***6.7 Improve Patient and Public Awareness***

Educate patients about their rights in the healthcare system, particularly in relation to billing practices, prescribed treatments, and the potential for unethical behavior. Launch public awareness campaigns about the prevalence and impact of medical fraud.

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