



**U.S. OFFICE OF PERSONNEL MANAGEMENT
OFFICE OF THE INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS**

**Summary of Investigative
Activities**

Quarterly Summary of Investigative Activities

July 1, 2024, to September 30, 2024

Executive Summary

Summaries of Investigative Activities

In this report, the U.S. Office of Personnel Management (OPM) Office of the Inspector General (OIG) summarizes recent cases investigated by the OPM OIG Office of Investigations as part of our mission to provide independent and objective oversight of OPM programs and operations.

These cases highlight the successes of our criminal investigators and investigative analysts; present challenges and risks to OPM programs and OIG oversight; and describe fraud, waste, abuse, and mismanagement that harms OPM, its programs and operations, and federal employees, retirees, and their eligible dependents.

Drew M. Grimm
*Assistant Inspector General
for Investigations*

About OPM OIG Investigations

The OPM OIG Office of Investigations investigates allegations of wrongdoing related to OPM employees and contractors and allegations of fraud, waste, abuse, or mismanagement involving or affecting OPM programs and operations, including the following:

- the Federal Employees Health Benefits Program (FEHBP) including the Postal Service Health Benefits Program,
- the Federal Employees Dental and Vision Insurance Program (FEDVIP),
- the Federal Employees' Group Life Insurance program (FEGLI),
- OPM retirement programs, including the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS),
- the Federal Executive Institute (FEI),
- the Combined Federal Campaign (CFC), and
- other OPM programs and operations.

These investigations are essential to the OPM OIG's oversight of OPM programs and operations and ensuring OPM maintains the trust of the public and the federal employees, annuitants, and eligible dependents whom the agency serves.

An indictment is merely an allegation. Defendants referenced in these case summaries who have not pleaded guilty or been convicted are presumed innocent unless and until proven guilty beyond a reasonable doubt in a court of law.

Abbreviations

OPM	U.S. Office of Personnel Management
OIG	Office of the Inspector General
CFC	Combined Federal Campaign
CSRS	Civil Service Retirement System
FEDVIP	Federal Employees Dental and Vision Insurance Program
FEGLI	Federal Employees' Group Life Insurance
FEHBP	Federal Employees Health Benefits Program
FEI	Federal Executive Institute
FERS	Federal Employees Retirement System

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Health Care Investigations

OPM OIG Health Care Investigations

The U.S. Office of Personnel Management's (OPM) health benefits programs—the Federal Employees Health Benefits Program (FEHBP) and the Federal Employees Dental and Vision Insurance Program (FEDVIP)—cumulatively pay tens of millions of dollars annually in improper payments caused in part by fraud, waste, and abuse. Common health care fraud allegations that the OPM Office of the Inspector General (OIG) investigates include medical providers overbilling, billing for services not covered or performed, falsifying diagnoses, and performing unnecessary tests or procedures. Ineligible members, including ineligible family members, who receive health benefits also cause improper payments.

The OPM OIG Office of Investigations prioritizes investigating allegations of patient harm, substantial monetary loss to OPM health care programs, program vulnerabilities, or cases that involve health care priorities such as the opioid epidemic or the COVID-19 pandemic.

In cases where fraud, waste, or abuse affects programs or entities beyond OPM programs, we work closely with our law enforcement partners in the U.S. Department of Justice, the U.S. Department of Health and Human Services OIG, and other federal and state law enforcement agencies.

Health Care Fraud Case Summaries

- We received a referral that a medical provider and office manager submitted or caused submission of false claims for medications. These medications were either never provided, were free samples, or were adulterated because the medicines were from other patients' leftovers when medications were changed. Additionally, other billed services such as examinations were never provided or were not medically necessary. These allegations posed a risk for patient harm. The FEHBP paid the medical provider approximately \$1.6 million for health claims related to the allegations. On July 17, 2024, a grand jury in the U.S. District Court for the District of Alaska indicted the medical provider and office manager each on one count of health care fraud and eight counts of tax evasion. On July 23, 2024, the individuals self-surrendered. Further judicial action is expected in this case.
- In January 2023, we received a carrier notification from an FEHBP health insurance carrier regarding health claims submitted after the January 2020 death of an FEHBP member. Our investigation found that the decedent's adult child submitted claims for reimbursement after the FEHBP member's death. In total, the FEHBP paid \$138,903 in claims for the FEHBP member after the FEHBP member's death. The adult child was charged by a criminal information in the U.S. District Court for the District of Maryland with one count of theft of public money. On July 30, 2024, the adult child pleaded guilty to the charge. Further judicial action related to sentencing is expected in this case.

- In February 2015, we received a carrier notification from an FEHBP health insurance carrier alleging that a durable medical equipment provider consistently billed inappropriately for certain medical supplies. The FEHBP had paid \$6.8 million related to the scheme. On July 30, 2024, the U.S. Attorney's Office for the Eastern District of Pennsylvania entered into a \$20 million civil settlement with the durable medical equipment provider to resolve the false claims allegations. Per the terms of the settlement, the FEHBP will receive \$259,796.
- In March 2024, we received a carrier notification from an FEHBP health insurance carrier alleging that medical claims were paid on behalf of two ineligible members. We determined that \$480,260 was paid on behalf of these members. The FEHBP health insurance carrier had recouped \$457,184 via provider offset. The remaining \$23,076 was not recouped due to the age of the claims. Because of this, we closed our investigation.
- In July 2022, we received two *qui tams* filed against a medical laboratory that allegedly double billed for COVID-19 testing and billed for services not rendered. The FEHBP paid \$364,321 in claims to this medical laboratory. In June 2024, a grand jury in the U.S. District Court for the Central District of Illinois indicted one individual on six counts of wire fraud, one count of mail fraud, and three counts of wire fraud. Further judicial action is expected in this case.
- In October 2016, we received a carrier notification from an FEHBP health insurance carrier alleging that a pharmacy billed for high-dollar reimbursement medications from two manufacturers, which was potentially indicative of an improper relationship between the pharmacy and the medicine manufacturer. FEHBP health insurance carriers paid the pharmacy \$670,000 for the medications identified at the center of this alleged fraud. We previously reported numerous indictments and guilty pleas in the U.S. District Court for the Eastern District of Virginia. On August 30, 2024, one individual was sentenced to 18 months of imprisonment and 1 year of supervised release. The court also ordered restitution of \$5,386,381. The FEHBP will receive \$100,748. On September 20, 2024, another individual was sentenced to 2 years of supervised probation and 12 months of home confinement. These are the final sentencings in this case, which returned more than \$1 million to the FEHBP and resulted in 10 criminal convictions.
- In September 2022, we received an allegation from a federal law enforcement partner that a medical provider was illegally providing durable medical equipment by submitting false claims. The FEHBP had paid \$1,771 for claims related to the fraud scheme. On August 30, 2024, the provider signed a settlement agreement wherein they agreed to pay \$1.08 million to resolve the false claims allegations. Of the restitution, the FEHBP received \$1,771 for its medical claims and an additional \$11,480 in investigative costs.
- In November 2020, we received a *qui tam* alleging that a group of emergency care facilities at hospitals submitted false or upcoded claims for physician and emergency room for at least 7 years. FEHBP health insurance carriers paid more than \$2.5 million in claims for these facilities. Further analysis using the relevant procedural codes identified \$264,645 in alleged improper payments. With lost investment income and investigative costs, the total loss to OPM was \$325,853. On July 30, 2024, the U.S. Attorney's Office

for the District of Utah agreed to a settlement between the facilities group and the government. The facilities group agreed to pay \$3,043,701, of which \$325,853 will be returned to the FEHBP.

- In August 2022, we received a case notification from an FEHBP health insurance carrier alleging that two pharmacies submitted duplicate claims for monoclonal antibody treatment services, including those associated with COVID-19 treatment. FEHBP health insurance carriers paid \$255,826 related to the alleged fraud. On July 16, 2024, a settlement between the pharmacies and the U.S. Attorney's Office for the District of Eastern Pennsylvania settled the allegations of violating the False Claims Act. The pharmacies agreed to pay \$100,534. From that, the FEHBP will receive \$94,550.

OPM OIG Investigations Involving the Opioid Crisis

Beginning in 2017, the Department of Health and Human Services declared the opioid crisis as an ongoing public health emergency. The OPM OIG Office of Investigations continues to prioritize opioid-related investigations during this ongoing public health emergency. Opioid investigations by our office may involve the manufacturing or marketing of opioids; inappropriate or medically unnecessary prescribing practices; or fraud, waste, or abuse by sober homes and substance abuse recovery facilities.

Opioid-Related Case Summaries

- In July 2023, we received a case referral from a federal law enforcement partner alleging that two doctors specializing in pain management were billing excessively and billing for services not rendered. Patients were billed for injections that they did not receive. FEHBP health insurance carriers paid \$144,771 related to the alleged false claims. We previously reported the indictment, arrest, and guilty pleas in the U.S. District Court for the Northern District of Texas of the two doctors. On September 25, 2024, the doctors were both sentenced to 78 months of incarceration and 24 months of supervised release.

The FEHBP's Exclusion from the Anti-Kickback Statute: A Barrier to Recovering FEHBP Improper Payments

The Anti-Kickback Statute (Title 42 U.S. Code Sections 1320a-7b) makes it illegal for health care providers to knowingly and willfully accept bribes or other forms of remuneration in return for activities such as patient referrals. The FEHBP is excluded from pursuing cases under the Anti-Kickback Statute. Kickbacks can increase FEHBP costs and patients can suffer harm if health care providers profit off referrals for treatments or procedures that are not medically necessary.

The FEHBP's exclusion from the Anti-Kickback Statute has interfered with our ability to fully protect the FEHBP and its members from improper conduct that would constitute a federal crime when committed against any other federally funded health care program. Improperly paid FEHBP dollars can go unrecovered because of the program's exclusion.

Typically, our investigations are complicated by the FEHBP's Anti-Kickback Statute exclusion if one of the following findings occur:

1. Our investigation finds alleged wrongdoing by a medical provider that involves Anti-Kickback Statute violations as well as other wrongdoing. In these cases, we often continue our investigation. However, if there is a settlement or restitution, the FEHBP may be unable to recover losses considered Anti-Kickback Statute violations. The FEHBP may recover a smaller part of its improper payments compared to other federal programs.
2. Our investigation finds alleged wrongdoing by a medical provider that involves primarily or exclusively Anti-Kickback Statute violations. When the Department of Justice prosecutes these cases, other federal health care programs are identified as victims—but the FEHBP is not, regardless of dollars lost. We typically close these cases after a prosecutorial determination excludes the FEHBP.

Anti-Kickback Statute-Related Case Summaries

- In December 2023, we received a *qui tam* complaint filed in Florida alleging that a medical provider offered inducements to cardiologists for surgeries and interventions. The relator alleged that the Anti-Kickback Statute was violated. Because the FEHBP is excluded from the Anti-Kickback Statute, we closed our investigation on September 24, 2024.

Retirement Investigations

About OPM OIG Retirement Investigations

OPM reported \$224.33 million in overpayments under the Retirement Services program in fiscal year 2023. These improper payments often are from fraud, waste, or abuse in the OPM-administered Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS) retirement programs.

The most common causes of improper payments are related to annuitant deaths that are unreported or unknown to OPM. These unreported deaths may allow payments to continue because of program vulnerabilities or intentional fraud on the part of bad actors. Sometimes, CSRS or FERS improper annuity payments continue for years and amount to tens of thousands of dollars before discovery.

Fraud by forged documents (such as OPM's Address Verification Letters to annuitants), identity theft, and other schemes are common harms that the OPM OIG investigates. We also investigate allegations of financial elder abuse to OPM annuitants that may relate to OPM programs and mismanagement of funds by representative payees who violate their duty to act on behalf of an OPM annuitant or survivor annuitant.

As part of our investigative work, our Investigative Support Operations group performs proactive searches of death records and other data analysis to find annuitants and survivor annuitants who died but to whom OPM continues to send annuity payments. These proactive investigations are a vital process for finding and stopping improper payments. In some cases, our proactive analysis generates leads for criminal investigations. Information our Investigative Support Operations refers to OPM can also help the agency recover improper payments through administrative actions such as payment agreements or the U.S. Department of the Treasury (Treasury) reclamation process.

OPM Retirement Fraud Case Summaries

- We received a case referral from Retirement Services regarding a deceased annuitant who died in November 2016 but continued to receive annuity payments through August 2019. In all, OPM made \$201,297 in overpayments to the deceased annuitant. Our investigation identified the adult child of the deceased annuitant as the person alleged to have taken the overpayments. On July 17, 2024, this individual was indicted in the U.S. District Court for the Middle District of Florida on two counts of theft of government funds. The individual has pleaded not guilty. Further judicial action is expected in this case.
- We received a fraud referral from Retirement Services regarding a CSRS annuity that continued to be paid after the annuitant died in December 2018. The improper payments lasted until November 2021 and totaled \$77,865. OPM recovered \$2,131 through the Treasury reclamation process. We previously reported that one individual was charged by criminal information in the U.S. District Court for the Eastern District of Missouri with

theft of government money and that the individual pleaded guilty to the charge. On July 25, 2024, the individual was sentenced to 36 months of probation, and the court ordered restitution of \$75,734 to OPM.

- In January 2024, we received a request for assistance from a state law enforcement partner regarding allegations of financial fraud that had involved an OPM survivor annuitant. The survivor annuitant's annuity payments were allegedly misdirected to a third party. The survivor annuitant's appointed guardian had notified local adult protective services of discrepancies in the survivor annuitant's records. The investigation identified the survivor annuitant's stepchild as the person suspected of committing identity theft to redirect \$47,327 in annuity payments. The stepchild was indicted on grand larceny in the third degree and identity theft in the first degree in the Superior Court of Suffolk County, New York. On September 5, 2024, the stepchild was arrested and arraigned, and they pleaded not guilty. Further judicial action is anticipated in this case.

Integrity Investigations

About OPM OIG Integrity Investigations

The Office of Investigations conducts investigations into allegations of fraud, waste, abuse, or mismanagement involving OPM employees and contractors. These integrity investigations may involve whistleblowers or allegations of retaliation.

Integrity investigations are essential to maintaining public confidence in OPM, which includes the trust of the current and retired civil servants and eligible family members who rely on OPM programs to operate efficiently and effectively.

Our efforts in these investigations are an important part of the OIG's mission to provide independent and objective oversight of OPM programs and operations.

Integrity Investigations Case Summaries

- We have no reportable actions in integrity-related investigations during this quarter.

About OPM Programs

- **Federal Employees Health Benefits Program (FEHBP):** The FEHBP is the largest employer-sponsored health insurance program in the world, covering more than 8 million federal employees, annuitants, family members, and other eligible individuals. The FEHBP provides quality, affordable, and comprehensive health benefits with national and local plan choices. It is a vital part of the federal government's benefits package.
- **Federal Employees Dental and Vision Insurance Program (FEDVIP):** FEDVIP makes supplemental dental and vision insurance available to federal employees and retirees and their eligible family members.
- **OPM Retirement Programs, including the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS):** OPM Retirement Programs pay monthly annuities to retired civil servants and the eligible survivors of deceased OPM annuitants. OPM paid billions of dollars in defined benefits to retirees, survivors, representative payees, and eligible family members during the previous fiscal year.
- **Federal Employees' Group Life Insurance program (FEGLI):** FEGLI is the largest group life insurance program in the world, covering enrolled federal employees, retirees, and their eligible family members. It provides standard group term life insurance and elective coverage options.
- **Federal Executive Institute (FEI):** The FEI is part of OPM's Center for Leadership Development. It offers learning and ongoing leadership development opportunities for federal senior leaders through classes and programs to improve the performance of government agencies.
- **Combined Federal Campaign (CFC):** The CFC is the largest and most successful annual workplace charity campaign in the world, raising millions of dollars each year through pledges made by federal civilian and retiree, postal, and military employee donors during the campaign season. These pledges support eligible nonprofit organizations.



Report Fraud, Waste, Abuse, and Mismanagement

Fraud, waste, abuse, and mismanagement in government concerns everyone: Office of the Inspector General staff, agency employees, and the general public. We actively solicit allegations of any inefficient and wasteful practices, fraud, and mismanagement related to OPM programs and operations. You can report allegations to us in several ways:

By Internet: <https://oig.opm.gov/contact/hotline>

By Phone: Toll Free Number: (877) 499-7295

By Mail: Office of the Inspector General
U.S. Office of Personnel Management
1900 E Street NW
Room 6400
Washington, DC 20415-1100