U.S. Office of Personnel Management
Office of the Inspector General
Office of Investigations

Investigative Activity Summary

Quarterly Summary of Investigative Activities
July 1, 2022 to September 30, 2022

Executive Summary

Summary of Investigative Activities

In this report, the U.S. Office of Personnel Management (OPM) Office of the Inspector General (OIG) summarizes recent noteworthy cases investigated by the OPM OIG Office of Investigations. These cases are our efforts to curtail improper payments, stop patient harm, protect OPM programs, and provide independent and objective oversight of OPM programs and operations. We selected these cases to highlight the successes of our criminal investigators and investigative analysts, to present challenges and risks to OPM programs and OIG oversight, and to describe the fraud, abuse, waste, and mismanagement that harms OPM, its programs and operations, and Federal employees, retirees, and their dependents.

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Assistant Inspector General for Investigations

About the Investigations the OPM OIG Conducts

The OPM OIG Office of Investigations investigates allegations of fraud, waste, abuse, or mismanagement involving or affecting OPM programs and operations. These include:

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

We also investigate allegations of wrongdoing by or related to OPM employees and contractors. These integrity investigations are essential to the efficiency and effectiveness of OPM programs and operations and ensuring the agency maintains the trust of the public and Federal employees, annuitants, and eligible family members that it serves.

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 Employee 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

According to OPM, the FEHBP paid $45.6 million in improper payments in fiscal year 2021 across all health insurance carriers. These improper payments were driven in part by fraud, waste, and abuse throughout the FEHBP.

The FEHBP faces risks common to the U.S. health care environment and unique challenges as a Government program. Improper payments negatively affect FEHBP premium rates and the program as a whole. Moreover, fraud, waste, or abuse schemes can risk FEHBP beneficiaries' health and wellbeing. The OPM OIG Office of Investigations prioritizes investigations into allegations of patient harm or substantial loss to the FEHBP, as well as cases that involve priorities such as the opioid epidemic or the COVID-19 pandemic.

In cases where fraud, waste, or abuse affects programs or entities beyond the FEHBP, 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.

FEHBP Health Care Fraud Case Summaries

- In August 2014, we received a *qui tam* complaint about a medical provider entity performing treatments that were not medically reasonable and exposed patients to unnecessary risk. The allegations also included that procedures were performed on patients without consent from treating physicians, patient records were falsified, and false claims were submitted for reimbursement. The loss to the FEHBP identified as related to the alleged fraud, waste, or abuse was more than $11.3 million. In May 2019, the Civil Division in the Eastern District of New York accepted the case for Federal prosecution. In July 2022, a complaint-in-intervention and a subsequent demand for jury trial was filed in Federal court against the company for performing unnecessary procedures on dialysis patients at nine different centers across New York City and Long Island. The complaint seeks damages and penalties under the False Claims Act. Further judicial action is expected in this case.

- In April 2019, we received a *qui tam* complaint regarding a clinical laboratory headquartered in Irving, Texas. The complaint alleged the laboratory provided anatomic pathology services to physician practices throughout the United States and then submitted false claims for non-payable and unallowable laboratory services without a treating physician's order as part of an improper preorder testing scheme. Rather than perform only the tests ordered by physicians, the laboratory automatically and systematically ran additional tests without the treating physician's knowledge, consent, or order and without a pathologist's determination of medical necessity. Between January 2015 and September 2020, the FEHBP paid more than $24.9 million related to the allegations.

In July 2022, a $16 million settlement agreement was executed to resolve allegations that the laboratory submitted false claims for payment to Federal health care programs. The FEHBP recovered $745,928 as part of the settlement agreement.

- In June 2019, we received a referral from a law enforcement partner about a third-party medical billing company seeking extremely high reimbursement amounts by submitting false billing claims on behalf of its clients, including over 70 medical physicians. Additionally, the company impersonated patients in follow-up phone calls to health insurance companies that implored the insurance companies to pay more money to the doctors so that the patient would not be responsible for payments. The loss to the FEHBP related to the alleged fraud, waste, or abuse was $6,175,251. In July 2019, a complaint filed in the U.S. District Court for the Eastern District of New York accused the owner of the third-party billing company of health care fraud, wire fraud, and aggravated identity theft. In August 2019, the owner was indicted on the latter two charges, and in December 2019, a superseding indictment was filed against the owner. They had continued to engage in fraudulent activity during the claims appeal process. The indictment's additional charges included health care fraud, conspiracy to commit health care fraud, wire fraud, aggravated identity theft, and money laundering conspiracy. In July 2022, the owner was found guilty on one count of conspiracy to commit health care fraud; one count of health care fraud; three counts of wire fraud; and three counts of aggravated identity theft. Further judicial action is expected in this case as the owner is currently awaiting sentencing.

- In November 2019, an Assistant United States Attorney in the Northern District of Texas requested FEHBP data regarding three Texas clinics. It was alleged that a licensed nurse practitioner created false patient claims using the provider numbers of six doctors as the treating physicians—but these six doctors did not actually provide any billable services to the patients. The loss to the FEHBP identified as related to the alleged fraud, waste, or abuse was $2,549,744. We were informed in July 2022 that, after coordination with the United States Attorney's Office, FEHBP restitution was included in an amended judgment. Restitution to the FEHBP will be made by Blue Cross and Blue Shield of Texas through a Special Plan Invoice.

- In January 2021, we received a case notification from an FEHBP health insurance carrier regarding a provider allegedly billing for services not rendered while the provider was out of State. Additionally, it was alleged that, to increase reimbursement, the provider submitted claims for mole removal procedures over several dates of service for procedures actually performed on the same single date of service. Patients did not actually receive services on the additional days. The loss to the FEHBP identified as related to the alleged fraud, waste, or abuse was $130,332. In June 2021, the investigative team executed a search warrant on the provider's practice. In July 2022, the provider pled guilty to one count of health care fraud and is currently awaiting a sentencing date. Further judicial action is expected in this case.

- In February 2022, we received a complaint from the U.S. Department of Justice in the Eastern District of Pennsylvania regarding a pharmacy owner who was billing health

insurance companies for drugs not actually dispensed to beneficiaries. The FEHBP had paid $4,987 for these "bill but don't fill" prescriptions. In August 2022, the pharmacy and its owner entered into a settlement to resolve their civil liability under the Controlled Substances Act, False Claims Act, and forfeiture. The agreed-upon settlement permanently prevents the pharmacy and its owner from prescribing, distributing, or dispensing any controlled substances in the future, in addition to preventing them from ever seeking another controlled substance registration from the Drug Enforcement Administration. As a result of the settlement agreement, the FEHBP received $4,838.

- In March 2022, we received an FEHBP health insurance carrier notification alleging identity theft involving an FEHBP member in Alabama. The FEHBP member reported that someone had accessed her CVS profile, changed her information, and then obtained prescriptions in her name that were delivered to an address in Texarkana, Texas. Our office coordinated with the United States Secret Service in Dallas for this investigation, requesting that health carriers and their pharmacy benefit managers check their systems for any profile changes for FEHBP members involving either of the addresses in Alabama or Texas. It was determined that no such changes existed. The original FEHBP member complainant was previously the victim of a phishing scheme and may have provided personal data to a scammer via email. Our investigation did not identify any evidence that a system breach or system vulnerability existed that would lead to this identity theft or that the perpetrators of this scam targeted any other FEHBP members. We closed our investigation.

FEHBP Health Insurance Carrier Settlements

We annually receive hundreds of allegations of fraud, waste, and abuse from FEHBP health insurance carriers. We decline to investigate some allegations because of a lack of investigative resources, small FEHBP loss amounts, legal or statutory difficulties, or other concerns. Health insurance carriers may sometimes negotiate settlements with providers to recover FEHBP improper payments in settlements that can simultaneously recover money for an insurer's private lines of business. The FEHBP often recovers only some of its total loss in these settlements.

- In this quarter, we have no FEHBP health insurance carrier settlements to report.

The Opioid Crisis and the FEHBP

In October 2017, the opioid crisis was declared a public health emergency and the President directed all Executive agencies to use their available means to combat the consequences of the epidemic. The OPM OIG Office of Investigations continues to prioritize opioid-related investigations while this public health emergency exists and FEHBP members and the program are gravely affected by the crisis. Opioid investigations by our office may involve the manufacturing or marketing of opioids; the prescribing practices of medical providers; or fraud, waste, or abuse by sober homes and substance abuse recovery facilities. Investigating

allegations related to opioids and other drugs of abuse is an ongoing focus of our Office of Investigations.

Opioid-Related Case Summaries

- In May 2017, we received a referral from a law enforcement partner regarding a physician prescribing large quantities of prescription narcotics, including the fentanyl medication Subsys. The investigation found that the physician engaged in a scheme to defraud health insurance carriers by prescribing Subsys to patients who did not meet the medical necessity and received a kickback for those prescriptions. The FEHBP paid $639,981 for Subsys prescriptions prescribed by this physician. In September 2020, in the U.S. District Court for the Middle District of Pennsylvania, the physician was indicted and arrested on multiple counts of health care fraud, with charges including 55 counts of unlawful distribution of controlled substances, 330 counts of maintaining a drug-involved premises, and 405 counts of engaging in a health care fraud scheme. In August 2022, the physician was sentenced to 140 months of imprisonment with 36 months of supervised release. No restitution was ordered related to health care fraud.

Retirement Investigations

About OPM OIG Retirement Investigations

OPM reported its retirement programs paid $319.81 million in improper payments in fiscal year 2021. These improper payments often are from fraud, waste, and abuse in the CSRS and FERS retirement programs.

The most common causes of improper payments are related to verifying annuitant deaths. Annuitant deaths may go unverified because of program vulnerabilities or intentional fraud on the part of bad actors. Sometimes, improper payments continue for years and cost tens of thousands of dollars.

Fraud by forged documents (such as OPM's Address Verification Letters), identity theft, and other schemes are common harms we investigate. We have also investigated allegations of elder abuse and mismanagement of funds by representative payees who violate their duty to act on behalf of the 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 have died but are continuing to receive annuity payments from OPM. These proactive investigations are a vital process for locating and stopping improper payments.

In some cases, our proactive analysis generates leads for criminal investigations. Information we refer to OPM can also help the agency stop improper payments and work to recover previously improperly paid monies through administrative actions such as payment agreements or the U.S. Department of the Treasury's reclamation process.

OPM Retirement Fraud Case Summaries

- In May 2018, OPM's Retirement Services program office learned through weekly computer matching between the OPM annuity roll and the Social Security Administration's death records that a CSRS survivor annuitant had died nearly two decades earlier in February 1999. OPM had made improper payments totaling $148,620. Retirement Services suspended the annuity in July 2018 and subsequently dropped the case for death in August 2018. In December 2018, we received a fraud referral from Retirement Services alleging potential fraud related to the improper payments. Back in August 1999, Retirement Services had sent a letter to the survivor annuitant requesting verification of records to make sure the annuitant was still living and that annuity payments and correspondence were going to the correct person and address. The form was returned to OPM with the alleged signature of the survivor annuitant (who had died in February that year) that confirmed the information on file. In July 2021, the survivor annuitant's daughter was interviewed and confessed to using her deceased father's CSRS and Social Security benefits. Although the case was initially presented and accepted for

prosecution, it was declined in favor of the Social Security Administration and OPM pursuing administrative remedies. We first referred this to the OPM Chief Financial Officer program office for administrative recovery of the overpayment in the previous quarter. To date, OPM has recovered $1,012 through the reclamation process and active recovery efforts still are ongoing.

- In March 2020, we received a fraud referral from Retirement Services alleging potential fraud involving a CSRS annuitant's 2007 death not timely reported to OPM that resulted in an overpayment of $281,136. Retirement Services learned of the annuitant's January 2007 death through Treasury's Do Not Pay system. Our investigation revealed that the annuitant's monthly payments continued to be deposited into a joint checking account held with the annuitant's son. In our interview with the son, he admitted to withdrawing his deceased father's annuity payments for personal use. In July 2022, the U.S. Attorney's Office accepted the case to pursue civil remedies. In September 2022, the son agreed to pay a negotiated settlement of $240,000 to OPM.

- In January 2022, we received a fraud referral from Retirement Services alleging potential fraud involving a CSRS survivor annuity. Retirement Services learned through the Social Security Administration's death match system that a survivor annuitant had died in July 2004. In addition to receiving monthly survivor annuity payments, the survivor annuitant had received monthly survivor benefits on behalf of her disabled daughter, who died in May 2012. Neither death was timely reported to OPM, resulting in a total overpayment of $302,422. In August 2022, Treasury held the survivor annuitant's bank liable for 6 years of improper payments prior to the date of the Notice of Reclamation, recovering a total of $79,707 for OPM. Our fraud investigation continues at this time.

Proactive Retirement Investigations

Our Office of Investigations' investigative efforts in proactive discovery of improper payments can lead to financial recoveries when OPM recoups lost funds through administrative methods available to the agency. We develop these cases through data analysis, ongoing investigative and demographic projects, and other methods. In some cases, we find information about annuities owed to annuitants or survivor annuitants and can provide information to OPM so the agency can pay these due annuities to OPM beneficiaries.

Predication	OPM Loss	OIG Action and OPM Resolution
Our proactive investigative operations used data from Blue Cross Blue Shield to identify a retirement annuitant who died in April 2020. Monthly annuity payments from OPM had continued until March 2022.	$82,456	We provided the information to the Retirement Services program office to close the case. Through Treasury reclamation actions, OPM recovered $64,475 in post-death annuity payments and $17,981 in paid health benefit premiums.

Predication	OPM Loss	OIG Action and OPM Resolution
Our proactive investigative operations used data from Blue Cross Blue Shield to identify a retirement annuitant who died in September 2019. OPM had continued to send monthly annuity payments.	$75,613	We provided the information to the Retirement Services program office to close the case. Through Treasury reclamation actions, OPM recovered $52,372 in post-death annuity payments and $23,241 in paid health benefit premiums.
Our proactive investigative operations located a March 2018 obituary for an OPM annuitant. The Retirement Services program office had suspended annuity payments in October 2020. However, as of May 19, 2022, the case had not been closed and Treasury reclamation actions had not been initiated to recover the post-death annuity payments.	$73,851	We provided the information to the Retirement Services program office to close the case. Through Treasury reclamation actions, OPM recovered post- death annuity payments totaling $73,851.
Our proactive investigative operations located a death record for an annuitant who died in June 2020. The Retirement Services program office had suspended annuity payments in October 2020, but the case had not been closed and Treasury reclamation actions had not been initiated.	$1,087	We provided the information to the Retirement Services program office to close the case. Through Treasury reclamation actions, OPM recovered $253 in post-death annuity payments and $833 in post-death health benefit premiums.
Our proactive investigative operations located a death record for an annuitant who had died in February 2021. The Retirement Services program office had suspended annuity payments in June 2021, but the case had not been closed and Treasury reclamation actions had not been initiated.	$902	We provided the information to the Retirement Services program office to close the case. Through Treasury reclamation actions, OPM recovered $111 in post-death annuity payments and $790 in post-death health benefit premiums.
Our proactive investigative operations located a death record for a survivor annuitant who had died in June 2020. The Retirement Services program office suspended annuity payments in January 2021, but the case had not been closed and Treasury reclamation actions had not been initiated.	$13,640	We provided the information to the Retirement Services program office to close the case. Through Treasury reclamation actions, OPM recovered $10,584 in post-death annuity payments and $3,056 in post-death health benefit premiums.

Predication	OPM Loss	OIG Action and OPM Resolution
Our proactive investigative operations located an annuitant who was receiving a monthly survivor annuity from OPM, but OPM had suspended his retirement annuity.	$0	We provided the information to the Retirement Services program office. It verified that the annuitant was still living and restored their retirement annuity. Retirement Services paid the annuitant $8,555 for the period that the annuity was suspended.
Our proactive investigative operations located a death record for an annuitant who had died in March 2019. The Retirement Services program office had suspended annuity payments in November 2018, but the retirement case had not been closed.	$0	We notified the Retirement Services program office of our findings. On June 28, 2022, it closed the case. Because of this, the deceased annuitant's beneficiaries can apply to receive the accrued annuity and life insurance benefits that are payable from OPM.
Our proactive investigative operations located a death record for an annuitant who had died in October 2020. The Retirement Services program office had suspended annuity payments in December 2020, but the retirement case had not been closed.	$0	We notified the Retirement Services program office of our findings. On June 28, 2022, it closed the case. Because of this, the deceased annuitant's spouse can apply to receive the monthly survivor annuity benefits and any beneficiaries can apply to receive the accrued annuity and life insurance benefits that are payable from OPM.

Integrity Investigations

About OPM OIG Integrity Investigations

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

These investigations are essential to maintaining public confidence in OPM, which includes the trust of the civil servants 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

- In this quarter, we have no publicly reportable developments to any integrity investigations.

Appendix

Glossary of OPM Programs

- **Federal Employees Health Benefits Program (FEHBP):** The FEHBP is the largest employer-sponsored health insurance program in the world, covering more than 8.2 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 Employee Dental and Vision Insurance Program (FEDVIP):** FEDVIP makes supplemental dental and vision insurance available to Federal employees and retirees who are eligible for Federal employment benefits.

- **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 survivors of deceased OPM annuitants. OPM paid billions in defined benefits to retirees, survivors, representative payees, and families 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 family members. It provides standard group term life insurance and elective coverage options.

- **Federal Executive Institute (FEI):** FEI is part of OPM's Center for Leadership Development. It offers learning and ongoing leadership development for Federal senior leaders through classes and programs to improve the performance of Government agencies.

- **Combined Federal Campaign (CFC):** 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 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
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