U.S. Office of Personnel Management

Office of the Inspector General

Office of Investigations

Summary of Investigative Activities

Quarterly Summary of Investigative Activities

October 1, 2022, to December 31, 2022

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. Our efforts are to curtail improper payments, stop patient harm, protect the integrity of OPM programs, and 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 the fraud, abuse, waste, and mismanagement that harms OPM, its programs and operations, and Federal employees, retirees, and their eligible dependents.

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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),
- the Federal Employee 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 oversight of OPM programs and operations and ensuring OPM maintains the trust of the public and the Federal employees, annuitants, and eligible dependents 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

OPM's health benefits programs—the Federal Employees Health Benefits Program (FEHBP) and the Federal Employee Dental and Vision Insurance Program (FEDVIP)—cumulatively pay tens of millions of dollars annually in improper payments that are caused in part by fraud, waste, and abuse. Common health care fraud allegations that the U.S. Office of Personnel Management (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 beneficiaries who receive FEHBP benefits also cause improper payments.

The OPM OIG Office of Investigations prioritizes investigating allegations of patient harm or substantial monetary loss to these health care programs as well as 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

- In January 2015, we received a referral from a law enforcement partner alleging that a California-based medical spa provided cosmetic services such as hair removal, massage, microdermabrasion, Botox injections, and facials but billed health insurance programs for covered medical procedures in order to receive reimbursement. Our investigation found that the medical spa induced patients to receive free cosmetic procedures not covered by insurance in exchange for patients' insurance information. The spa then used the insurance information to bill for medical services it never provided. The loss to the FEHBP as related to the alleged fraud was $201,738. We previously reported that the owner of the spa and four other defendants pleaded guilty to various charges related to the case and were sentenced and ordered by the U.S. District Court for the Southern District of California to pay restitution related to this case. In November 2022, the last defendant was sentenced to 12 months of probation and ordered by the court to pay $1.2 million in restitution. OPM was already awarded restitution in this case.

- In June 2015, we received a referral from a law enforcement partner concerning a joint Federal and State criminal investigation into physicians, marketers, marketing companies, pharmacists, and over a dozen compounding pharmacies who conspired to defraud TRICARE, the FEHBP, Medicare, and private insurance plans using compounded prescriptions based on services not rendered and illegal kickbacks. The fraud scheme in total cost more than $40 million. Marketers solicited beneficiaries of health plans

through misleading cold calls that promised free compounded medications and "wellness" programs that included gym memberships, fitness tracking devices, and supplements. The marketers used the insurance information gathered from the beneficiaries to generate fraudulent prescriptions for compounded medications. The loss to the FEHBP as related to the alleged fraud, waste, or abuse in this scheme is $1.8 million. Our investigation resulted in numerous arrests and indictments against marketers and the principal owners of the pharmacies. There have been 28 arrests, 28 indictments or criminal informations filed, 12 convictions, and 5 sentencings. In November 2022, a defendant whose actions contributed approximately $290,000 to the fraud scheme was found guilty by trial on 21 counts of health care fraud and 1 count of obstructing a Federal audit. Further judicial action is expected in this case.

- In August 2013, we received a case notification from an FEHBP health insurance carrier regarding a specialty compounding pharmacy allegedly making various compounded medications in mass production and marketing them to physicians in violation of the U.S. Food and Drug Administration's Compliance Policy, the regulations set forth to protect the public health. Our investigation focused on the pharmacy improperly waiving copays for patients insured under the FEHBP. The waivers used an overly generous, unverified definition of financial need. Additionally, the pharmacy improperly offered lower cash prices to uninsured patients while charging FEHBP enrollees much higher prices. The loss to the FEHBP as related to the alleged fraud, waste, or abuse is $916,083. Two civil settlements were executed in the U.S. District Court for the Northern District of Georgia, the last of which was finalized in October 2022. The FEHBP received $461,083.

- In September 2020, our office received a case notification from an FEHBP health insurance carrier regarding two Federal employees submitting fictitious claims for dependent children to receive reimbursement for services. Since the claims were purportedly rendered by a nonparticipating provider, the Federal employees directly received reimbursement for the claims instead of reimbursement being sent to the provider. Our investigation found that the provider named in the claims never treated three of the five dependent children for whom there were identified claims. The loss related to the FEHBP was $361,037. In November 2022, one of the subjects was indicted in the U.S. District Court for the Southern District of New York on one count of health care fraud and one count of aggravated identity theft. Further judicial action is expected in this case.

- In June 2021, we received case notifications from multiple FEHBP health insurance carriers about a laboratory potentially performing medically unnecessary COVID-19 testing. In total, FEHBP carriers paid approximately $35,065 for medically unnecessary tests. In November 2022, the laboratory agreed to repay all those funds to the FEHBP in a voluntary administrative settlement. Because of the repayment, we closed our investigation.

- In September 2019, we received a *qui tam* complaint that alleged a cochlear implant manufacturer hid that its cochlear implants did not meet radio frequency emissions standards. Based on the allegation, fraudulent testing to hide the issue began as early as

2001 and continued through at least 2017. FEHBP carriers paid $1.73 million to the cochlear implant manufacturer between July 2015 and July 2020. On December 19, 2022, the U.S. Department of Justice and the cochlear implant manufacturer reached a settlement agreement to settle the false claim allegations regarding the radio frequency emissions. OPM will receive $69,930 in restitution, $11,446 in lost investment income, and $14,256 in investigative costs.

- In April 2018, we received a *qui tam* complaint filed in the U.S. District Court for the Eastern District of Pennsylvania alleging that a medical company specializing in cardiac care submitted improper billing codes to receive higher reimbursement, provided and caused providers to submit false claims, among other allegations. Between 2013 and 2018, FEHBP carriers paid $18.4 million to the medical company, including $13.5 million related to the at-issue procedure codes. The U.S. Department of Justice later determined the FEHBP's exposure related to the fraud scheme to be approximately $6.5 million. On December 20, 2022, the U.S. Attorney's Office for the Eastern District of Pennsylvania entered into a $44.8 million civil settlement with the medical company to resolve allegations that specific services relied on work performed outside the United States, which also included work by unlicensed technicians. From this settlement, the FEHBP received $1,062,635.

FEHBP Health Insurance Carrier Settlements

The OPM OIG annually receives 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. FEHBP health insurance carriers sometimes negotiate settlements with providers to recover FEHBP improper payments in settlements that can simultaneously recover money for their private lines of business. The FEHBP often recovers only some of its total loss in these settlements.

FEHBP Carrier Notification Date and Allegation	FEHBP Loss	FEHBP Recovery
In this quarter, we do not report any FEHBP Health Insurance Carrier Settlements.		

The Opioid Crisis and the FEHBP

In October 2017, the opioid crisis was declared a public health emergency. All Executive agencies were directed to use their available means to combat the consequences of the epidemic. The OPM OIG Office of Investigations continues to prioritize opioid-related investigations during this public health emergency. 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.

Opioid-Related Case Summaries

In this quarter, we have no publicly reportable developments related to opioid-related investigations.

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. Additionally, if health care providers are tempted to profit off referrals for treatments or procedures that are not medically necessary, patients can suffer harm. The FEHBP's exclusion from the Anti-Kickback Statute can interfere with our ability to protect the FEHBP and its members from improper conduct that, when committed against any other Federally funded health care program, constitutes a Federal crime. Improperly paid FEHBP dollars can go unrecovered because of our exclusion.

Typically, our investigations are complicated by the FEHBP's Anti-Kickback Act exclusion when either of the following findings occur:

1. Our investigation finds alleged wrongdoing by a medical provider 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 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 this quarter, we have no publicly reportable developments related to cases negatively affected by the FEHBP's exclusion from the Anti-Kickback Statute.

Retirement Investigations

About OPM OIG Retirement Investigations

OPM reported its retirement programs were $325.81 million in improper payments in fiscal year 2022. These improper payments often are from fraud, waste, or abuse in the 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 payments continue for years and cost tens of thousands of dollars before discovery.

Fraud by forged documents (such as OPM's Address Verification Letters), identity theft, and other schemes are common harms that the OPM OIG investigates. We also investigate allegations of elder abuse 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 from our Investigative Support Operations that we refer to OPM can also help the agency recover money through administrative actions such as payment agreements or the U.S. Department of the Treasury reclamation process.

OPM Retirement Fraud Case Summaries

- In October 2019, we received a referral from a Federal law enforcement partner regarding an allegation of fraud involving survivor annuity payments that continued after a survivor annuitant's May 2008 death, which was not reported to OPM. Monthly payments continued until November 2019 and totaled $428,410 in improper payments. OPM recovered $940 through the Treasury reclamation process. We previously reported a subject's arrest and appearance in the U.S. District Court for the Eastern District of Maryland on charges stemming from our investigation. On December 9, 2022, the individual pleaded guilty to one count of theft of Government funds. As part of the plea, the individual agreed to pay a money judgement of $387,651. Further judicial action is anticipated in this case.

- In April 2021, we received a fraud referral from the Retirement Services program office regarding overpayments to a deceased annuitant. The annuitant had died in

November 2018, but their death was not reported until August 2019. The overpayment was $72,213, but $6,468 was recovered by the U.S. Department of the Treasury from their bank account, leaving a remaining improper payment balance of $65,744. Based on the results of our investigation, the U.S. Department of the Treasury determined on November 29, 2022, that the deceased annuitant's bank was liable for allowing the withdrawal of funds after it knew of the annuitant's death. The final reclamation amount was $69,566. Our investigation is closed.

- In October 2021, we received a case referral from a Federal law enforcement partner regarding a survivor annuitant whose death was not reported to OPM. The survivor annuitant had died in December 1998, but OPM made $193,503 in improper payments after the annuitant's death. Of this overpayment, $28,195 was recovered through Treasury reclamation actions. We previously reported that an individual was indicted on one count of theft of Government funds in the U.S. District Court for the Eastern District of Missouri. In June 2022, the indicted individual voluntarily paid $75,000 to OPM. However, the outstanding balance was $90,307. On November 29, 2022, the individual paid $90,307. On December 6, 2022, pursuant to a pretrial diversion agreement, the individual accepted responsibility for the aforementioned thefts and prosecution was deferred for 12 months from the pretrial diversion agreement.

- In November 2020, we received a fraud referral from the Retirement Services program office alleging potential fraud involving a CSRS survivor annuity. The survivor annuitant's death in December 2005 was not timely reported to OPM, resulting in an overpayment of $330,283. In addition to receiving monthly survivor annuity payments, the survivor annuitant received monthly survivor benefits on behalf of her disabled daughter who passed away in May 2012. Neither death was reported to OPM. In November 2022, a defendant pleaded guilty in the U.S. District Court for the Eastern District of North Carolina to a single-count criminal information charging theft of public money. Further judicial action is expected in this case.

- Our proactive investigative operations received a fraud referral in April 2022 from the Retirement Services program office regarding a deceased annuitant whose June 2015 death was not timely reported to OPM. The Retirement Services program office suspended annuity payments in December 2020, but the overpayment between the death and suspension was $167,215. OPM recovered $117,962 through the Treasury reclamation process, leaving an overpayment balance of $49,253. Our investigation found that the annuitant had also received post-death payments from the U.S. Department of Veterans Affairs. These payments had been recovered from the annuitant's bank by the Treasury reclamation process in September 2015, at which time the bank should have known about the annuitant's death and notified OPM. The U.S. Department of the Treasury determined that the bank failed to limit their liability and was liable for the full amount of the reclamation. On December 15, 2022, a recovery of $38,428 was returned to OPM, leaving a remaining overpayment of $10,825.

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 such as Treasury reclamation actions. We develop these cases through data analysis, ongoing investigative and demographic projects, and other methods. In some cases, instead of finding overpayments, we find information about annuities owed to annuitants or survivor annuitants and can provide information to OPM so the agency can pay these annuities owed to OPM beneficiaries. The chart below describes our actions during the reporting period.

Predication	OPM Loss	OIG Action and OPM Resolution
Our proactive investigative operations located a September 2020 obituary for a disabled survivor annuitant. A relative of the decedent was receiving the benefits as well as their own survivor benefits.	$28,018. This included health benefit premiums and annuity overpayments made to the relative.	We provided the information regarding the death to the Retirement Services program office. A retroactive change in health benefits to self-only instead of self and family meant that the relative was due a refund on health benefit premiums of $8,906. The remaining $5,482 overpayment will be collected in monthly installments.
Our proactive investigative operations located a November 2020 obituary for a disabled survivor annuitant who was receiving both their own benefits and benefits from a relative. The Retirement Services program office had suspended both annuities in September 2021 because payments were sent to a closed bank account.	$3,699	We provided the information to the Retirement Services program office. In November 2022, Retirement Services made a $16,547 payment and restored annuity payments to the family member. However, this payment was in error. OPM sent a letter requesting the return of the $16,547. That money was returned on December 5, 2022. On December 15, 2022, the Retirement Services program office collected the $3,669 overpayment made to the deceased disabled survivor annuitant from the $8,253 accrued annuity owed to the family member.

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 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.

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 8.2 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 opportunities 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 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
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