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

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# Quarterly Case Summaries

**Investigative Activities  
Fiscal Year 2018  
January 2018 - March 2018  
Issued: May 2018**

**-- Caution --**

This report has been distributed to Federal officials who are responsible for the administration of the subject program. This non-public version may contain confidential and/or proprietary information, including information protected by the Trade Secrets Act, 18 U.S.C. § 1905, and the Privacy Act, 5 U.S.C. § 552a. Therefore, while a redacted version of this report is available under the Freedom of Information Act and made publicly available on the OIG webpage (<http://www.opm.gov/our-inspector-general>), this non-public version should not be further re leased unless authorized by the OIG.

# ABBREVIATIONS

<b>DCIS</b>	<b>Defense Criminal Investigative Service</b>
<b>FBI</b>	<b>Federal Bureau of Investigation</b>
<b>FDA</b>	<b>U.S. Food and Drug Administration</b>
<b>FEHBP</b>	<b>Federal Employees Health Benefits Program</b>
<b>HHS</b>	<b>U.S. Department of Health and Human Services</b>
<b>NBIB</b>	<b>National Background Investigations Bureau</b>
<b>OIG</b>	<b>Office of the Inspector General</b>
<b>OPM</b>	<b>U.S. Office of Personnel Management</b>
<b>USAO</b>	<b>U.S. Attorney's Office</b>

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# I. HEALTH CARE FRAUD INVESTIGATIONS

Health care fraud cases are often time-consuming, complex, and may involve several health care providers defrauding multiple health insurance plans and programs. The U.S. Office of Personnel Management (OPM) Office of the Inspector General(OIG) Office of Investigations' criminal and civil investigations are critical to protecting Federal employees, annuitants, and members of their families who are eligible to participate in the Federal Employees Health Benefits Program (FEHBP). Of particular concern are cases that involve harm to the patients, pharmaceutical fraud, and the growth of medical identity theft and organized crime in health care fraud, all of which have affected the FEHBP.

The following health care fraud case summaries represent some of our activities during the second quarter of fiscal year 2018, between January 1, 2018, and March 31, 2018.

## Case Summaries:

- In March 2015, the U.S. Attorney's Office (USAO) for the Middle District of Pennsylvania referred a case to us alleging that the owner of a pain management center was performing unnecessary procedures. After a preliminary investigation, we closed the case in March 2016 because the pain management physician died. In December 2017, we reopened our case after learning that the USAO decided to file a civil complaint against the estate of the physician. The civil investigation focused on allegations that the physician submitted claims for trigger point injections(injections of local anesthetic, saline, or corticosteroids into painful areas of muscle) billed at a higher reimbursement rate than permitted. Our investigation confirmed that the physician was not performing the trigger point injections. In many instances, he improperly coded and billed at higher reimbursement rates. We determined that the FEHBP health carriers paid this physician \$137,474 for these injections from January 2000 to May 2015. In March 2018, the USAO reached a settlement with the physician's estate for \$625,000. As a result, the FEHBP will receive \$137,474. This case was a joint investigation conducted by the OPM OIG, U.S. Postal Service OIG, and the U.S. Department of Labor OIG.
- In November 2011, we were contacted by the USAO for the Middle District of Florida regarding a qui tam complaint filed alleging that an ambulance service was billing for services not rendered. A qui tam lawsuit or complaint may be filed on behalf of the Federal Government if an individual has knowledge of a person or company filing false claims. The complaint alleged the provider falsified required documents and records so it could bill for ambulance services that were never provided or, alternatively, not medically necessary. The investigation determined that 31 percent of the transports provided by this ambulance service were likely not medically necessary. The investigation also showed that the provider often failed to procure and preserve a Physician's Certification Statement attesting to the medical necessity of the transport. The FEHBP paid claims during the affected period of January 2006 through November 2011 of \$215,880. The provider reached a settlement of \$1,094,036 with the USAO in February 2018. The settlement number was based on the provider's ability to pay. The FEHBP will receive \$44,000. This was a joint investigation conducted by the OPM OIG, U.S. Department of Health and Human Services (HHS) OIG, Defense Criminal Investigative Service (DCIS), and the Federal Bureau of Investigation (FBI).

- We received a referral in August 2016 from an FEHBP insurance carrier alleging that a physician was erroneously paid by the FEHBP for services rendered after her medical license was suspended on June 11, 2013. During an interview conducted by the FBI, she confessed to billing for services after her license was suspended. On July 12, 2017, a Federal grand jury indicted the physician in the Eastern District of Missouri. She was charged with billing for three office visits after her medical license was suspended, all in violation of Title 18 United States Code Section 1035, False Statements Relating to Health Care. On November 13, 2017, she withdrew her original plea of not guilty and entered a plea of guilty for one count of the indictment. On February 21, 2018, a judgment was entered against her with respect to one count of false statements relating to health care. The physician was sentenced to probation for a term of 5 years. She was also ordered to pay restitution totaling \$304,844, of which \$70,633 is to be credited back to the FEHBP. We also submitted a debarment referral to the OPM OIG debarment official recommending debarment for this provider from the FEHBP. We worked jointly with the FBI in this case.
- In June 2017, we received a referral from the USAO in Portland, Oregon, alleging that a provider injected viscosupplements, including the brand Synvisc-One, from a mail-order pharmacy in Canada even though the viscosupplements had not been approved by the U.S. Food and Drug Administration (FDA). Viscosupplements are an arthritis treatment that involves the injection of fluid into joints to reduce pain and swelling. Non-FDA approved or foreign unapproved drugs are excluded from reimbursement by Federal health plans, including the FEHBP. The impact to the FEHBP involved the risk of patient harm derived from injecting non-FDA approved, foreign unapproved drugs into patients. On February 13, 2018, the provider signed a settlement agreement with the USAO and agreed to pay \$320,000 for distributing discounted versions of Synvisc-One for use in foreign markets from May 2009 through June 2016. The FEHBP's share of the settlement is \$10,005. This case was jointly investigated by the OPM OIG, FDA Office of Criminal Investigations, HHS OIG, and DCIS.
- On June 4, 2015, the OPM OIG received notification from an FEHBP health carrier that a provider was submitting a professional and facility claim using various place of service codes for a single patient encounter to enhance reimbursement. Specifically, our investigation found that the provider was submitting a professional claim that reflected the encounter occurred in an office setting, and then the same provider, using different practice identifiers, submitted a facility claim indicating the encounter occurred in an ambulatory surgical center. The investigation later found that this was able to occur because the FEHBP insurance carrier allowed a non-licensed facility/provider into the network, thereby allowing them to receive payments to which they would not otherwise be entitled. We informed the insurance carrier in February 2018 that we will not be investigating this case because the FEHBP insurance carrier allowed an entity that met the benefit brochure definition of a "non-covered facility provider" into the network, which caused the overpayment. However, to continue collection efforts, we referred this matter to our Office of Audits. The Office of Audits is conducting an audit of the insurance carrier that assessed payments made to entities not meeting the definition of

a “non-covered facility provider.” The Office of Audits is expected to recommend that the carrier return the \$2,740,508.90 overpayment to the FEHBP for services it incorrectly reimbursed this provider for during the period of June 2012 through May 2016.

## II. RETIREMENT ANNUITY FRAUD INVESTIGATIONS

The Office of Investigations uses a variety of approaches to identify potential fraud cases affecting the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). We coordinate closely with OPM's Retirement Services office to identify and address program vulnerabilities. We also coordinate with the U.S. Department of the Treasury's (Treasury) Bureau of the Fiscal Service to obtain payment information. Other referrals come from Federal, State, and local agencies, as well as private citizens. The OPM OIG also works proactively to identify retirement annuity fraud.

The following retirement annuity fraud cases represent some of our activities during this quarter.

### Case Summaries:

- We received a referral from OPM's Retirement Inspections Branch on July 26, 2016, alleging that a survivor annuitant's son continued to receive and use for his own personal gain his mother's annuitant payments after she had died on January 17, 2001. Because the son did not notify OPM of his mother's death, OPM continued to deposit her annuity payments in her bank account through June 2015, resulting in an overpayment of \$338,314. We attempted to interview the son at his residence, as well as contact him via telephone, between August 2016 and November 2016 without success. On January 13, 2017, the case was presented to and accepted by the Camden County Prosecutor's Office in New Jersey. On March 27, 2017, a complaint-summons was filed in Haddon Township Municipal Court in Camden County, charging the survivor annuitant's son with theft by failure to make required disposition of property received. On April 5, 2018, the son pleaded guilty and was admitted into the pretrial intervention program. As a condition of the program, he was ordered to pay restitution to OPM in the amount of \$338,314.
- In October 2015, we received a fraud referral from OPM's Retirement Inspections Branch regarding a deceased survivor annuitant's improper payment of annuity benefits. Through our investigation, we determined that the survivor annuitant died on October 14, 2004. However, his death was not reported to OPM, and the agency continued directly depositing monthly survivor annuity payments into his checking account through June 2015, resulting in an overpayment of \$104,754. The net overpayment amount after the Treasury's reclamation process left a balance due of \$104,233. We interviewed the wife of the deceased survivor annuitant and she acknowledged that she never notified OPM of her husband's death and continued receiving the monthly annuity payments. She agreed to repay all funds owed to OPM. On March 28, 2018, after being unable to secure a Voluntary Repayment Agreement, OPM submitted a debt referral to the Treasury to collect the total amount owed by the wife of the deceased survivor annuitant: \$104,233.
- The OPM OIG Investigative Support Group's proactive work identified a marital record in LexisNexis showing that on July 16, 2015, a survivor annuitant remarried prior to age 55 and was still receiving a survivor annuity. If a survivor annuitant remarries prior to age 55, they are not eligible to continue receiving survivor benefits unless they were married to their prior spouse for 30 years or longer. On May 31, 2016, OPM's Retirement Services stopped the survivor annuitant's annuity payments but did not

collect the overpayment of the survivor annuity she received after she remarried. We sent the marital record from LexisNexis to Retirement Services and asked them to compute the overpayment amount for the period July 1, 2015, through May 31, 2016. On January 8, 2018, Retirement Services mailed a letter to the survivor annuitant asking her to pay \$12,834.32. She did not respond to the letter, so in February 2018, Retirement Services referred the case to the OPM Office of Chief Financial Officer to begin collection efforts.



### III. INTEGRITY INVESTIGATIONS

In addition to conducting criminal and civil investigations, our office also conducts administrative investigations of fraud, waste, abuse, or mismanagement at OPM.

The following represents our activities during the reporting period.

#### **Case Summary:**

We received a whistleblower complaint in December 2015 from an OPM employee stating that their supervisor, a Senior Executive Service member, retaliated against them for reporting problems in the work process the supervisor conducted that generated incorrect results. The alleged retaliation included changing the employee's work plan, lowering the performance evaluation of the employee, removing teleworking privileges, and detailing them to a different division.

Our investigation into the issue included conducting numerous interviews and reviewing documents including emails, timelines of the alleged retaliation, and related work process documents. We also interviewed the complainant multiple times. Our investigation showed that the whistleblower's supervisor, as well as other senior OPM employees, did not appear to retaliate against the whistleblower's comments regarding the work process and its incorrect results. The complainant was detailed because their job responsibilities were contracted to another Federal agency.

We referred the information about the work process to our audit staff, and our auditors determined that the errors in the work process had been addressed and information was being reported correctly.

The case was closed because the allegations were not substantiated.

# IV. NATIONAL BACKGROUND INVESTIGATIONS BUREAU

The Office of Investigations investigates allegations of fraud within OPM's Revolving Fund programs, such as the background investigations program and human resources products and services program.

Prior to the establishment of the National Background Investigations Bureau (NBIB) effective October 1, 2016, OPM's Federal Investigative Services (FIS) conducted background investigations on Federal job applicants, employees, military members, and contractor personnel for suitability and security purposes. The violations investigated by our criminal investigators include contract violations, as well as fabrications by OPM background investigators (i.e., the submission of work products purported to represent investigative work not in fact performed). We consider such cases to be a serious national security and public trust issue. If a background investigation contains incorrect, incomplete, or fraudulent information, a qualified candidate may be wrongfully denied employment or an unsuitable person may be cleared and allowed access to Federal facilities and/or classified information.

OPM's Human Resources Solutions (HRS) provides on a reimbursable basis other Federal agencies with human resource products and services to help agencies develop leaders, attract and build a high quality workforce, and transform into high performing organizations. For example, HRS operates the Federal Executive Institute, a residential training facility dedicated to developing career leaders for the Federal Government. Cases related to HRS investigated by our criminal investigators include employee misconduct, regulatory violations, and contract irregularities.

The following represents our activities during the reporting period.

## **Case summary:**

- During the period January 1, 2018, through March 31, 2018, the OPM OIG referred one background investigator to OPM for debarment from working with the Federal Government, including on Federal contracts. The background investigator was referred for this administrative sanction for falsifying his work product, specifically reports of investigations provided to agencies regarding the background investigations he conducted. During this time, OPM issued a Notice of Proposed Debarment to one background investigator.



## **Report Fraud, Waste, and Mismanagement**

Fraud, waste, 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:** <http://www.opm.gov/our-inspector-general/hotline-to-report-fraud-waste-or-abuse>

**By Phone:** Toll Free Number: (877) 499-7295  
Washington Metro Area: (202) 606-2423

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