



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

Quarterly Case Summaries

**Investigations Resolved
During the Period October 1, 2016 through December 31, 2016**

Issued February 2017

REPORT FRAUD, WASTE, AND MISMANAGEMENT

INTRODUCTION

Our investigative workload involves crimes affecting U.S. Office of Personnel Management (OPM) programs. Provided below are summaries of the Office of the Inspector General's (OIG) investigations resolved during the period October 1, 2016 through December 31, 2016.

FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM (FEHBP)

False Claims:

- I-16-00690: Two whistleblowers filed a *qui tam* lawsuit in the U.S. District Court for the Southern District of Florida alleging that a doctor employed by South Miami Hospital engaged in a number of unnecessary cardiac procedures for the sole purpose of increasing the amount of physician and hospital reimbursements paid by Federal health care programs. To settle allegations that it violated the False Claims Act by submitting false claims for medically unnecessary procedures, South Miami Hospital entered into a civil settlement agreement in which they agreed to pay the United States \$12,500,000. The FEHBP's portion of the recovery has not yet been determined, but is expected to be approximately \$40,000.
- I 2010 00534: Our office conducted an investigation into allegations that the Woodbridge Cardiovascular Center (WCC), an independent diagnostic testing facility, submitted false claims to Federal health care programs. The investigation revealed that eight owners and operators of WCC performed tests on patients and incorrectly indicated that the tests were performed at their office location, instead of at the WCC location. Since the WCC location was not a participating provider, and did not have in-network status with Medicare, TRICARE, and the FEHBP, the claims submitted to these Federal health care programs resulted in incorrect reimbursements. To settle these allegations, in four civil settlement agreements, the eight owners agreed to pay the United States a total of \$214,701.02. The FEHBP's portion of the recoveries was \$62,137.13.
- I-17-00024: Amicare Pharmacy self-disclosed that one of their employees billed for services that were not medically necessary and caused false claims for therapeutic shoes and inserts to be submitted to Federal health care programs. The claims were improper, either because the medical conditions of the recipients of the shoes or inserts did not meet the requisite criteria, or the requisite criteria were not sufficiently documented in the recipients' medical records. Amicare Pharmacy entered into a civil settlement agreement in which they agreed to pay the United States \$180,064.59. The FEHBP's portion of the recovery was \$745.61.
- I-13-00003: The Blue Cross and Blue Shield Association (BCBSA) notified our office that multiple local BCBS plans discovered that they had paid claims for Antigen Leukocyte

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Cellular Antibody Tests (ALCAT), despite policies in effect that ALCAT testing was not a covered service. Cell Science Systems (CSS), a specialty clinical laboratory, marketed the ALCAT to physician and chiropractic providers as a reimbursable service. While CSS itself did not often directly bill insurance companies, evidence showed that through its sales representatives, CSS told medical providers who purchased ALCAT tests how to submit claims for reimbursement. Evidence of these instructions included sales materials and presentations, as well as interviews. Also, based on insurance policies and newsletters, it was contended that CSS knew, or should have known, that many BCBSA member plans did not cover ALCAT testing. To resolve these allegations, CSS entered into a civil settlement agreement in which they agreed to pay the United States \$394,824. The FEHBP's portion of the recovery was \$197,412. The FEHBP also received \$132,331.15 as reimbursement for investigative expenses and \$24,653.06 for lost investment income.

- I-13-01055: In our Quarterly Case Summaries for the period January 1, 2016 through March 31, 2016, we reported on a civil settlement agreement with Bon Secours Maryview Medical Center and a surgical oncologist, which resulted from a *qui tam* lawsuit in the U.S. District Court for the Eastern District of Virginia. It was alleged that the surgical oncologist falsified the diagnoses of patients that he treated at Bon Secours, in order to obtain insurance reimbursement for unnecessary screening breast ultrasounds, examinations, and/or mammograms. For example, he diagnosed patients with breast lump or mass, when there was no sign of any lump or mass. The same surgical oncologist was employed by a medical practice. Since the initial civil settlement agreement involving Bon Secours was previously reported, two additional civil settlement agreements have been executed: a settlement with the medical practice in the amount of \$165,000 and a settlement with the oncologist in the amount of \$31,000. The FEHBP's portions of these recoveries were \$12,386.90 and \$6,305.00 respectively.

Unlawful Prescribing of Narcotics:

- I-14-00344: A surgeon at the VA Medical Center in Portland, Oregon admitted to writing prescriptions for oxycodone, hydrocodone, and codeine in her husband's name for her own personal use. Her husband also worked as a surgeon at the VA Medical Center. On October 4, 2016, she entered into a Pretrial Diversion Agreement with Oregon's U.S. Attorney's Office. The agreement stated that criminal prosecution would be deferred for 18 months, and after the subject completes her diversion program and fulfills the terms of the agreement, the charges against her will be dismissed. The agreement required the subject to complete 120 hours of community service in the field of drug addiction and counseling, and to make a community service payment of \$1,000 to a local drug treatment center that deals with opiate addictions. In addition, the subject agreed to pay \$17,431.11 in restitution to the FEHBP.

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Off-Label Marketing:

- I 2008 00096: In our Quarterly Case Summaries for the period September 1, 2012 through December 31, 2012, we reported on a civil settlement with Abbott Laboratories. That settlement resolved allegations that Abbot Laboratories illegally marketed their drug Depakote. In a related matter, in November 2016, OPM received \$202,573.86 of a \$28,125,000.00 settlement with Omnicare, an institutional pharmacy, to resolve allegations that Omnicare knowingly solicited and received illegal remuneration (also known as “kickbacks”) from Abbott Laboratories, with such remuneration intended to induce Omnicare to promote and/or purchase Depakote.

Ineligible Member on FEHBP:

- I-14-01112: An investigator for Group Health, an FEHBP insurance carrier, notified our office that a U.S. Postal Service (USPS) employee allegedly placed an ineligible person on her FEHBP coverage, claiming that he was her husband. An investigation by special agents from our office and the USPS-OIG revealed that the employee was not married and that the ineligible person had been covered under her plan since 2004. On December 22, 2016, the employee pled guilty to Theft in the First Degree and was sentenced in Lewis County, Washington to ninety days of electronic home monitoring and ordered to pay a \$500 assessment fee and a \$100 DNA collection fee. The amount of restitution owed to the FEHBP will be determined by the court at a future hearing.

FEHBP Suspension and Debarment:

- During the period October 1, 2016 through December 31, 2016, the Office of Investigations referred seven health care providers to the OIG debarment official to consider for debarment from participation in the FEHBP.

RETIREMENT PROGRAMS (CSRS and FERS)

Deceased Annuitant Fraud:

- I-16-00479: The OIG at the Social Security Administration (SSA) notified our office that the November 9, 2014 death of an annuitant had not been reported to SSA, resulting in an overpayment of SSA payments. In the course of their investigation, the SSA-OIG discovered that military and Federal survivor annuity payments (OPM) had also continued after the annuitant’s death. OPM’s Retirement Services confirmed that they had not been notified of the annuitant’s death and calculated the amount of the annuity overpayment to be \$2,899.00.

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The investigation revealed that the annuitant's daughter received payments issued to her mother after her mother's death by the SSA, OPM, and Defense Finance Accounting Service (DFAS). The daughter pled guilty to the charge of Theft of Public Money and on October 28, 2016 was sentenced in the U.S. District Court for the Southern District of California to 60 months of probation, and ordered to pay restitution in the amount of \$6,179.43 to SSA, \$5,608.00 to DFAS and \$2,899.00 to OPM. She was also ordered to pay a \$25 assessment fee.

- I-15-01069: OPM's Retirement Inspections notified our office that the March 3, 2012 death of an annuitant receiving both retirement and survivor annuities was not reported to OPM, resulting in an overpayment of \$87,473.42 in retirement annuity and \$35,021.41 in survivor annuity. Retirement Inspections learned of the annuitant's death through OPM's 2014 Death Master File match with the SSA. Through the reclamation process, OPM recovered \$11,656.89 of the retirement annuity and \$1,071.33 of the survivor annuity, leaving balances due of \$75,816.53 and \$33,950.08, respectively. OPM-OIG special agents interviewed the deceased annuitant's daughter, who admitted to using the annuity paid after her mother's death for her own benefit. On October 6, 2016, she signed a Voluntary Repayment Agreement with OPM, in which she agreed to pay off the balance of the overpayments by making monthly payments to OPM.

NATIONAL BACKGROUND INVESTIGATIONS BUREAU (NBIB)

False Statements by Background Investigators:

- I-12-00725: On November 9, 2016 a former OPM contract background investigator with USIS was sentenced in the U.S. District Court for the District of Columbia to two months in jail for falsifying reports while conducting background investigations. Following the period of incarceration, he will be placed on 36 months of probation, the first six months of which will be spent on home detention. He was also sentenced to perform 100 hours of community service and ordered to pay \$264,312.23 in restitution to OPM and a \$100 assessment fee. The National Background Investigations Bureau's (NBIB) Integrity Assurance office notified our office that in more than 30 Reports of Investigations, the background investigator indicated that he had interviewed a source or reviewed a record regarding the subject of the background investigation, when in fact, he had not conducted the interview or obtained the records of interest. These reports were utilized and relied upon by Federal agencies requesting the background investigations to determine whether these subjects were suitable for positions having access to classified information, for positions impacting national security and public trust, or for receiving or retaining security clearances. These false representations required NBIB to reopen and reinvestigate numerous background investigations assigned to the background investigator.

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Debarment and Suspension of Background Investigators:

- During the period October 1, 2016 through December 31, 2016, the OIG referred one background investigator to OPM for debarment and one for suspension. The background investigator was referred for debarment for falsifying his work products, specifically reports regarding the background investigations he conducted. During this time, OPM issued Notices of Proposed Debarment to two background investigators and issued two Notices of Suspension.



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
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