



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

**Quarterly Case
Summaries**

**Investigations Resolved
During the Period January 1, 2016 through March 31, 2016**

Issued September 2016

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 (OIGs) investigations resolved during the period January 1, 2016 through March 31, 2016.

FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM (FEHBP)

False Claims:

- I-12-00455: On March 10, 2016, a retired U.S. State Department Foreign Service employee and his spouse were each sentenced in the U.S. District Court for the District of Columbia to 15 months incarceration, three years of probation, and 80 hours of community service for committing health care fraud. They were also each ordered to pay a \$100 assessment fee and to jointly pay \$257,000.00 in restitution to the FEHBP. The retired Foreign Service employee elected the Foreign Service Benefit Plan of Washington, D.C. as his health insurance plan. When medical services are received overseas, patients pay for the medical services and medications up front and then submit claims to the insurance plan for reimbursement. The former employee and his spouse submitted fraudulent claims for health care they did not actually receive, using the names and addresses of various doctors, clinics, hospitals, and pharmacies located in Germany. In fact, investigation revealed that they were traveling outside of Germany on dates that they claimed to be receiving medical services in Germany.
- I-13-00449: A former employee of Adventist Health System Sunbelt Healthcare Corporation (Adventist) filed a *qui tam* lawsuit in the U.S. District Court for the Middle District of Florida alleging that Adventist administered some drugs inappropriately and upcoded certain services, resulting in the submission of false claims to Federal government health care programs. Investigation substantiated these allegations. To resolve the allegations, Adventist entered into a civil settlement agreement in which they agreed to pay the United States \$2,091,399.99. The FEHBP's portion of the recovery was \$43,727.79.
- I-13-01055: Relators filed a *qui tam* lawsuit in the U.S. District Court for the Eastern District of Virginia alleging that a surgical oncologist employed by Maryview Hospital, doing business as Bon Secours Maryview Medical Center, billed Federal health care programs for services that were not medically necessary and used falsified diagnosis codes which resulted in the Federal health care programs paying for non-covered screening examinations and studies. An investigation confirmed these allegations and also found that Bon Secours' management had knowledge of the oncologist's activities after relators alerted them to the problem. The investigation resulted in a civil settlement

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agreement in which the oncologist and Bon Secours agreed to jointly pay \$400,000 to the United States. The FEHBP's portion of the recovery was \$24,250.00.

- I-15-00031: Axiom Mobile Imaging (AMI) was a mobile imaging company located in Lake Forest, California. An investigation of AMI was initiated based upon a complaint filed by an AMI employee alleging that the owner of AMI submitted fraudulent claims to Federal health care programs. The joint investigation revealed that the owner submitted claims to Medicare for radiology reads, falsely stating that a radiologist had reviewed and read the x-rays. The owner directed that the payments for the fabricated services be deposited into AMI bank accounts that he alone controlled. The owner pled guilty to one count of health care fraud and on February 19, 2016 he was sentenced in the U.S. District Court for the Central District of California to three years of probation and ordered to pay \$27,108.00 in restitution to Medicare and a \$100 assessment fee. No restitution was ordered payable to the FEHBP due to the conviction being based on false Medicare claims.
- I-15-00281: Proactive data analysis conducted by Blue Cross Blue Shield of Florida identified irregular billing from a chiropractor practicing in Florida. An investigation revealed that the chiropractor was billing Federal health care programs for services during a period when his license to practice chiropractic medicine in the State of Florida was suspended. Further, BCBS received numerous hotline complaints from patients who complained that he billed for services that were not provided. Agents assigned to this investigation interviewed several patients who stated that they had not received billed services. On November 12, 2015 the chiropractor pled guilty to committing health care fraud. On January 21, 2016, he was sentenced in the U.S. District Court for the Southern District of Florida to 30 months in jail, three years of probation, and ordered to pay \$233,578.00 in restitution and a \$100 assessment fee. The FEHBP's portion of the recovery was \$93,595.95.
- C-15-00334: West Alabama Emergency Physicians' entered into a civil settlement agreement to resolve allegations that they misrepresented services and submitted false claims to Federal health care programs. The FEHBP's portion of the recovery was \$30,823.54.
- I-15-01548: The Chief Executive Officer of QMedRX, a compounding pharmacy in Maitland, Florida, agreed to pay \$6,529,077.72 to the United States for his role in the submission of claims to Federal healthcare programs for services that were not reimbursable. QMedRX submitted claims for compounded prescriptions tainted by kickbacks, because the marketers who obtained the prescriptions from physicians were paid through improper and illegal incentive compensation arrangements. Marketers were paid for referrals or the generation of business with Federal health care programs. The investigation into QMedRX was initiated by a referral from the Defense Health Agency,

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which identified fabricated records in response to an audit request. The FEHBP portion of the recovery was \$63,332.06.

- I-16-00109: Topical Specialist is a pharmacy based in Jacksonville, Florida. An investigation into Topical Specialist began when the Jacksonville U.S. Attorney's Office issued a Civil Investigative Demand to Well Health, a local Jacksonville pharmacy. After issuance of the Civil Investigative Demand, Well Health self-disclosed that the vast majority of their prescriptions were potentially tainted by kickbacks, which included prescriptions written through Topical Specialist. Since Topical Specialist lacked the relevant licensure to submit prescriptions to Federal healthcare programs, they submitted prescriptions in Well Health's name. One of the owners of Well Health was approached by a cardiologist at Baptist Health who proposed that he and other physicians ("treating physicians") could submit prescriptions for compounded substances if the treating physicians enrolled their patients in a "research study." The research study was supposedly to understand the effectiveness of compounded prescriptions and to support the claimed necessity of the prescriptions. In order for the treating physicians to actually receive a percentage of the prescription reimbursement, they agreed to call themselves research study "consultants." Topical Specialist was created to handle the "research study" and act as a conduit to submit compounded prescriptions to the Federally subsidized healthcare programs. In a settlement agreement, Topical Specialist agreed to pay the United States \$2,243,509.91 for its role in submitting prescriptions that were tainted by so-called "research fees," which was an elaborate guise for paying physicians to write prescriptions. The FEHBP's portion of the recovery was \$115,957.01. The cardiologist agreed to pay the United States \$2,270,236.00.

FEHBP Suspension and Debarment:

- During the period January 1, 2016 through March 31, 2016, the Office of Investigations referred one health care provider to the OIG debarment official to consider for debarment from participation in the FEHBP for committing insurance fraud. During this time period OPM suspended one health care provider and debarred nine.

OPM INTERNAL INVESTIGATIONS

- I-14-00825: It was alleged that a former OPM employee deliberately caused an internal OPM computer server to temporarily crash, and stole Government property. We investigated, and the original allegations were not substantiated. However, we found that the former employee's unauthorized removal of a hard drive from the office, and his subsequent attempt to conceal his actions, violated the Standards of Ethical Conduct for Employees of the Executive Branch (Title 5, Code of Federal Regulations, Section 2635.101), which require employees to "protect and conserve Federal property" and "endeavor to avoid any actions creating the appearance that they are violating the law or

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the ethical standards.” This violation is grounds for administrative disciplinary action, but since the individual was no longer a Federal employee, such action was not taken.

- I-14-01071: The OPM OIG received a complaint on our Fraud Hotline alleging that a senior OPM official falsely accused a senior official at the Department of Defense of inappropriately releasing information concerning an OPM program to the press. We investigated, and determined the allegation was not substantiated.

FEDERAL INVESTIGATIVE SERVICES (FIS)

False Statements by Background Investigators

- I 2011-00723: FIS’ Integrity Assurance office notified OPM’s OIG that a former OPM contract background investigator with USIS allegedly falsified reports while conducting background investigations. In more than two dozen 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 FIS to reopen and reinvestigate numerous background investigations assigned to the background investigator. The former USIS contract background investigator pled guilty in the U.S. District Court for the District of Columbia to making a false statement and on February 19, 2016 was sentenced to 36 months of supervised probation, 300 hours of community service, and ordered to pay restitution of \$91,124.20 to OPM.

Debarment of Background Investigators:

- During the period January 1, 2016 through March 31, 2016, the OIG referred four background investigators to OPM for debarment. The background investigators were referred for debarment for falsifying their work products, specifically reports regarding the background investigations they conducted. OPM issued Notices of Proposed Debarment to ten background investigators during this time period.

Misuse of Government Identification Card:

- I-15-01248: The Hillsborough County Sheriff’s Office in Tampa, Florida informed FIS that a former Contract Record Carrier with USIS presented himself as a FIS Investigator

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using expired and altered OPM FIS credentials. He used the false credentials at various courts in order to obtain unredacted court records free of charge. FIS referred the case to OPM OIG for investigation. Our investigation confirmed that he had presented the false credentials to several court clerks in Florida's Hillsborough and Pinellas Counties. The false credentials were recovered by the OPM OIG. The former employee pled guilty to using false credentials and on January 13, 2016 was sentenced in the U.S. District Court for the Middle District of Florida to a \$1,000 fine and a \$10 assessment fee.

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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

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