



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

Quarterly Case Summaries

**Investigations Resolved
During the Period July 1, 2016 through September 30, 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 July 1, 2016 through September 30, 2016.

FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM (FEHBP)

False Claims:

- I-15-00125: On November 6, 2014 our office received a referral from the Defense Criminal Investigative Service regarding an allegation of doctor shopping by the spouse of a FEHBP member. An investigation revealed that the spouse fraudulently obtained controlled substances by assuming the identity of a doctor in Frederick, Maryland and submitting false prescriptions to numerous retail pharmacies. He then used the identities of his wife and his wife's ex-husband to submit claims to Federal health care programs. The individual pled guilty to charges of Identity Fraud and Possession of Controlled Substance by Misrepresentation and on July 8, 2016 was sentenced in the U.S. District Court for the Eastern District of Virginia to two months in jail, four years of probation, and ordered to pay \$2,338.39 in restitution and a \$200 assessment fee. The FEHBP's portion of the recovery was \$1,885.36.
- I-12-00546: A *qui tam* lawsuit was filed in the U.S. District Court for the Eastern District of Pennsylvania alleging that Westfield Hospital and affiliated doctors and medical facilities submitted claims to Federal health care programs to receive reimbursement for services performed by non-physicians as "incident to" the services of supervising physicians, when, in fact, the supervising physicians were not present. Billing services as "incident to" a physician's supervision results in a higher reimbursement rate than billing without physician supervision. To resolve the allegation, the defendants entered into a civil settlement agreement on August 16, 2016, in which they agreed to pay the United States \$690,441.00. The defendants also agreed that for 30 months from the date of the settlement they will not submit claims to Federal health care programs for any services performed by non-physician providers under the rate that applies for services rendered "incident to" the services of a physician, regardless of whether or not the claims could be billed properly in that manner. Our investigation determined that other Federal health care programs were the primary victims, but OPM received \$67,532.48 to cover investigative costs.

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- C-15-00734: The Department of Justice (DOJ) received a *qui tam* complaint alleging that Columbus Regional Healthcare System devised a scheme where they paid their physicians as Medical Directors so that the physicians could bill at higher rates and receive higher reimbursements for the services that they provided. The FEHBP was awarded \$139,781.36 of the \$25,000,000 settlement.

FEHBP Suspension and Debarment:

- During the period July 1, 2016 through September 30, 2016, the Office of Investigations referred 20 health care providers to the OIG debarment official to consider for debarment from participation in the FEHBP and six debarments were issued.

RETIREMENT PROGRAMS (CSRS and FERS)

Deceased Annuitant Fraud:

- I-15-01060: The OIG at the Social Security Administration (SSA) notified our office that the February 1, 1991 death of an annuitant had not been reported to SSA, resulting in an overpayment of \$227,476.00. Likewise, failure to notify OPM of the death resulted in an overpayment of \$216,913.00 in retirement annuity. OPM recovered \$101.95 through the reclamation process with the deceased's financial institution, leaving a balance due of \$216,811.05. Agents from SSA-OIG and OPM-OIG conducted an investigation and determined that the annuitant's son received the SSA and OPM payments issued to his mother after her death. The son pled guilty to the charge of Theft of Public Money and on August 23, 2016 was sentenced in the U.S. District Court for the District of Massachusetts to five months of home detention, five years of probation, and ordered to pay restitution in the amount of \$227,476.00 to SSA and \$216,811.05 to OPM. He was also ordered to pay a \$4,000 fine and a \$200 assessment fee.
- I-15-00214: On December 4, 2014 OPM's Retirement Inspections branch notified our office that the July 28, 2001 death of a survivor annuitant had not been reported to OPM, resulting in an overpayment of \$180,595.10. The annuitant's monthly annuity payments continued through March 2014. OPM recovered \$3,891.24 through the reclamation process with the deceased's financial institution, leaving a balance due of \$176,703.86. OIG subpoenas issued for bank records identified that the majority of the deposits were for either Federal retirement annuity payments or Social Security payments. Withdrawals were made by the deceased's son. The son admitted taking the survivor annuity and Social Security payments intended for his deceased mother after her death. He stated that he did not notify OPM or SSA of his mother's death, because he knew that doing so would result in the termination of the payments. He was found guilty of two counts of Theft of Public Money,

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and on July 26, 2016 was sentenced in the U.S. District Court for the Western District of Tennessee to 12 months of home detention, 36 months of probation, and ordered to pay restitution in the amount of \$176,703.86 to OPM, \$58,267 to the SSA, and a \$200 court assessment fee.

- I-14-00458: OPM's Retirement Inspections branch notified OPM's OIG that the July 9, 2011 death of an annuitant was not reported to OPM, resulting in an overpayment of \$115,440.65. In December 2007, OPM appointed the annuitant's son as her representative payee for both her retirement and survivor annuity payments. In August 2013, the son returned to OPM an address verification letter on which he falsely stated his mother was still living. In January 2014, the son called OPM to ask why the annuity payments had stopped, and again falsely stated that his mother was alive. OIG special agents interviewed the son, who acknowledged that he had received the retirement and survivor annuity paid by OPM to his mother after her death. He pled guilty to the charges of Conversion of Government Funds and False Statements. On September 21, 2016, he was sentenced in the U.S. District Court for the Eastern District of Pennsylvania to five months in jail, 36 months of probation, and ordered to pay restitution of \$115,440.65 to OPM and a \$300 assessment fee.

NATIONAL BACKGROUND INVESTIGATIONS BUREAU (NBIB)

Debarment of Background Investigators:

- During the period July 1, 2016 through September 30, 2016, the OIG referred eight 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 seven background investigators during this time period.



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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