

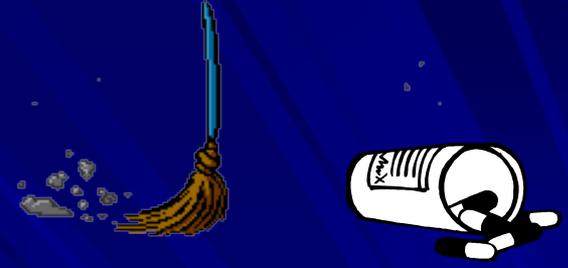


# Office of Investigations

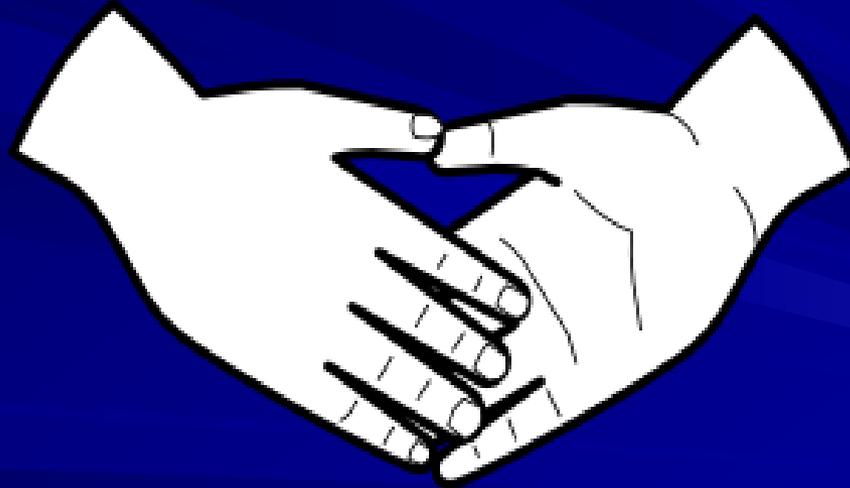
## Office of Inspector General



**Elton Malone**  
**Special Agent in Charge**



# DRUG DIVERSION & HEALTH CARE FRAUD



# Key Points

- Why the OIG is involved
- Drug Diversion Participants & Schemes
- Pharmacy Fraud Schemes
- Health Care Fraud



# WHY OIG

- **Directly Impacts Medicaid, Medicare, Private Insurance and Indian Health Service**
- **Physicians, Pharmacists and Other Providers**
  - **Medically unnecessary drugs**
  - **Tied to other fraud schemes (upcoding, Billing for Services not Rendered, other schemes)**

# Drug Diversion Participants

## Individual Drug Diverters

- Patients, Drug Dealers, Drug Addicts

## Organizational Drug Diverters

- An Organization with a defined hierarchy (Managers, Supervisors, Recruiters, Runners)

## Pharmacy Employee

- Pharmacist or Pharmacy Technicians

## Physicians

## Wholesale Distributors

# Individual Diverters



## How do they obtain their Drugs?

- 1.) Altered Prescriptions
- 2.) Fraudulent Prescriptions
  - Computer Generated
  - Stolen and/or Forged

Motivating factors are \$\$ and self-abuse

# Organizational Diverters

- A for-profit organized group of individuals with an established hierarchy.
- Employees of Organization

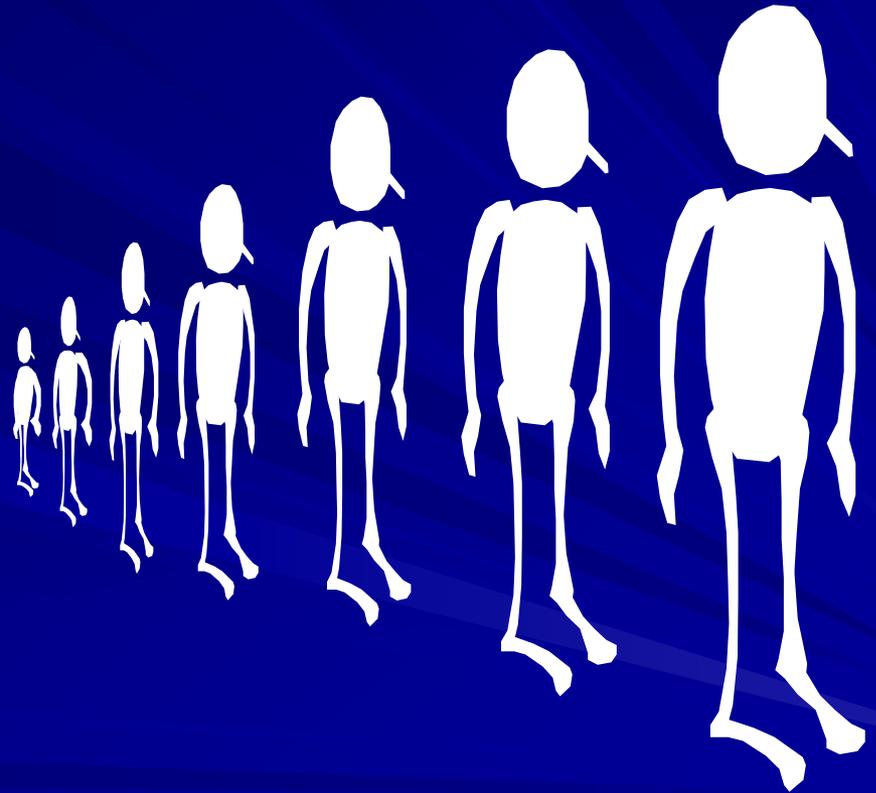
Managers/Leaders

Supervisors

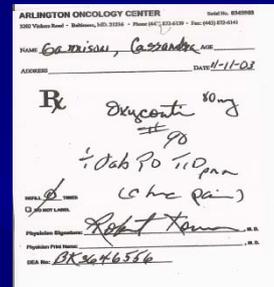
Runners

Drivers

**Motivating factor is \$\$\$**



# Elements of the Crime





# Example of a fraudulent RX

Storefront name

Telephone # obtained by  
organizational member

Medicaid  
Recipient

Actual doctor's name and DEA #

ARLINGTON ONCOLOGY CENTER Serial No. 0345903  
3202 Vickers Road - Baltimore, MD. 21216 - Phone (443) 872-6139 - Fax: (443) 872-6141

NAME Garrison, Cassandra AGE \_\_\_\_\_  
ADDRESS \_\_\_\_\_ DATE 11-11-03

**Rx** Oxycodone 80mg  
# 90  
1 tab PO tid prn  
(Chronic pain)

REFILL  TIMES  
 DO NOT LABEL

Physician Signature: Robert Xxxxx, M.D.  
Physician Print Name: \_\_\_\_\_, M.D.  
DEA No: BK3646556

# Pharmacy Employees

## ■ Pharmacist and Technicians

- 1.) Create prescriptions to cover diverted or stolen stock
- 2.) Knowing fill fraudulent prescriptions for cash or insurance reimbursement

Motivating factors are \$\$ and self-abuse

# Physicians

- Physicians who conspire with patients to divert prescription drugs.

Motivating factors are cash, sex, and/or self-abuse



# Pharmacy Billing Fraud Schemes

- Drug Shorting
- Refill Schemes
- False Claims

# Drug Shorting Scheme

- Pharmacy dispenses less pills than the number requested and billed to the insurance companies.
  - RX for 60 pills but dispenses 45 pill & bills insurance for 60.



# Billing Schemes

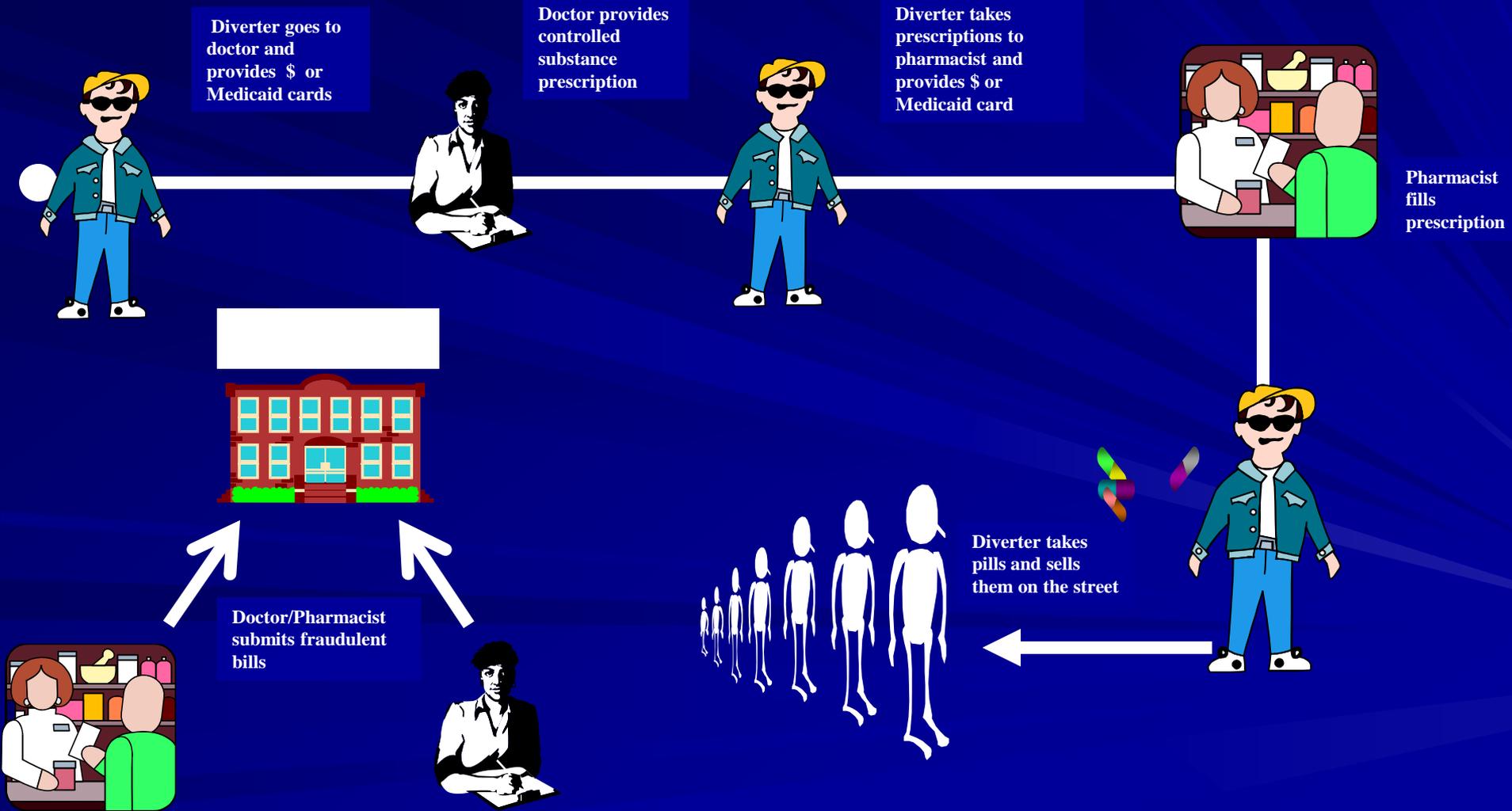
- Pharmacies that submit false claims for refills that they do not dispense.
- Pharmacies that increase the quantity of pills dispensed for insurance purposes.



# HEALTH CARE FRAUD

- Pharmacies that submit insurance claims for prescriptions that they know are fraudulent.
- Physicians that only provide prescriptions to patients then submit claims for services not rendered.
- Millions of Government and Private Insurance \$\$ are paid out as a result of Drug Diversion schemes.

# HEALTH CARE FRAUD SCHEME



# Useful Contacts

- **Pharmacy Security Personnel:**
- **Insurance Companies Special Investigations Units**
- **State Agencies:**
  - **Other Police Departments**
  - **Medicaid/Medicaid Investigators**
- **Federal Agencies:**
  - **DEA/Diversion Investigators**
  - **FBI**
  - **FDA/Office of Criminal Investigations**
  - **HHS/OIG**

# Potential Charges

- **Title 21 USC 841 (a)(1) Illegal distribution of controlled substances**
- **Title 21 USC 843 Obtain by Fraud/Forgery**
- **Title 21 USC 846 Conspiracy w/ Intent to distribute controlled substances**
- **Title 18 USC 1028 (a)(7) Identity Theft**
- **Title 18 USC 1347 Health Care Fraud**
- **Title 21 USC 331 (k) Misbranding of drugs**
- **Title 21 USC 848 Engaging in a continuing criminal enterprise (CCE)**
- **State and Local charges could include: Theft, Medicaid fraud, Forgery, identity theft**
- **Civil Penalties against businesses and health care professionals (Treble Damages)**

# Questions



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