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**U.S. Office of Personnel Management  
Office of the Inspector General  
Office of Investigations**

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**Summary of Investigative  
Activities**

**Quarterly Summary of Investigative Activities  
April 1, 2023, to June 30, 2023**

# Executive Summary

## Summaries of Investigative Activities

In this report, the U.S. Office of Personnel Management (OPM) Office of the Inspector General (OIG) summarizes recent cases investigated by the OPM OIG Office of Investigations. Our efforts are to curtail improper payments, stop patient harm, protect the integrity of OPM programs, and provide independent and objective oversight of OPM programs and operations.

These cases highlight the successes of our criminal investigators and investigative analysts; present challenges and risks to OPM programs and OIG oversight; and describe the fraud, abuse, waste, and mismanagement that harms OPM, its programs and operations, and Federal employees, retirees, and their eligible dependents.

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## About OPM OIG Investigations

The OPM OIG Office of Investigations investigates allegations of wrongdoing related to OPM employees and contractors and allegations of fraud, waste, abuse, or mismanagement involving or affecting OPM programs and operations, including the following:

- the Federal Employees Health Benefits Program (FEHBP),
- the Federal Employee Dental and Vision Insurance Program (FEDVIP),
- the Federal Employees' Group Life Insurance program (FEGLI),
- OPM Retirement Programs, including the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS),
- the Federal Executive Institute (FEI),
- the Combined Federal Campaign (CFC), and
- other OPM programs and operations.

These investigations are essential to the oversight of OPM programs and operations and ensuring OPM maintains the trust of the public and the Federal employees, annuitants, and eligible dependents that it serves.

An indictment is merely an allegation. Defendants referenced in these case summaries are presumed innocent unless and until proven guilty beyond a reasonable doubt in a court of law.

# Abbreviations

<b>OPM</b>	<b>U.S. Office of Personnel Management</b>
<b>OIG</b>	<b>Office of the Inspector General</b>
<b>CFC</b>	<b>Combined Federal Campaign</b>
<b>CSRS</b>	<b>Civil Service Retirement System</b>
<b>FEDVIP</b>	<b>Federal Employee Dental and Vision Insurance Program</b>
<b>FEGLI</b>	<b>Federal Employees' Group Life Insurance</b>
<b>FEHBP</b>	<b>Federal Employees Health Benefits Program</b>
<b>FEI</b>	<b>Federal Executive Institute</b>
<b>FERS</b>	<b>Federal Employees Retirement System</b>

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# Health Care Investigations

U.S. Office of Personnel Management (OPM) health benefits programs—the Federal Employees Health Benefits Program (FEHBP) and the Federal Employee Dental and Vision Insurance Program (FEDVIP)—cumulatively pay tens of millions of dollars annually in improper payments that are caused in part by fraud, waste, and abuse. Common health care fraud allegations that the OPM Office of the Inspector General (OIG) investigates include medical providers overbilling, billing for services not covered or performed, falsifying diagnoses, and performing unnecessary tests or procedures. Ineligible beneficiaries who receive FEHBP benefits also cause improper payments.

We prioritize investigating allegations of patient harm or substantial monetary loss to these health care programs as well as cases that involve health care priorities such as the opioid epidemic or the COVID-19 pandemic.

In cases where fraud, waste, or abuse affects programs or entities beyond OPM programs, we work closely with our law enforcement partners in the U.S. Department of Justice, the U.S. Department of Health and Human Services OIG, and other Federal and State law enforcement agencies.

## Health Care Fraud Case Summaries

- In April 2017, we received a referral from a Federal law enforcement partner regarding a durable medical equipment supplier allegedly billing for and delivering durable medical equipment that was not prescribed by physicians or requested by patients. FEHBP health insurance carriers had paid \$305,850 to the durable medical equipment supplier. Our investigation in Maryland eventually merged with an ongoing investigation being prosecuted by the U.S. Attorney’s Office for the Central District of California. An individual was charged with and pleaded guilty in the U.S. District Court for the Central District of California to one count of conspiracy to solicit and receive illegal remunerations for health care referrals. On May 1, 2023, the individual was sentenced to 24 months of probation and 8 months of home detention and ordered by the court to pay \$7.3 million in restitution, of which the FEHBP will receive \$23,392.
- In May 2022, we opened an investigation based on the proactive efforts of one of our criminal investigators of a hearing aid provider that solicited FEHBP members—specifically individuals working in Federal law enforcement—to use custom hearing protection devices that the provider claimed were covered under the FEHBP at no cost to FEHBP members. The hearing aid provider submitted claims for hearing aid devices, usually associating the claims with hearing loss or tinnitus diagnoses, regardless of whether a test was completed or the FEHBP member had hearing loss or tinnitus.

FEHBP health insurance carriers had paid \$339,000 to the hearing aid provider since January 2016. Of that amount, approximately \$21,600 fell under the at-issue claims. On May 26, 2023, a settlement was reached wherein the hearing aid provider paid \$21,600 to OPM.

- In July 2018, we received a complaint from an FEHBP member who alleged that they were billed twice for one visit to an urgent care medical provider because a hospital also billed for the same date of service as the urgent care. The duplicate claims resulted in overpayments potentially being made by both the FEHBP health insurance carrier and the FEHBP member for copays or out-of-pocket costs. An analysis of FEHBP claims found approximately \$2 million in payments to the hospital similar to the allegation. The FEHBP loss was ultimately identified as approximately \$500,000. In January 2023, the hospital agreed to pay \$667,90, including investigative costs and lost investment income, to resolve the duplicative billing allegations. We closed our case on June 5, 2023.
- In January 2021, we received a case notification from an FEHBP health insurance carrier about a medical provider who allegedly billed for services when the provider was out of State (“travel claims”) and unbundled procedures by submitting multiple claims across multiple days for services that were actually performed on a single day (“ghost patient visits”). FEHBP health insurance carriers had paid \$44,043 to the medical provider for the alleged travel claims or ghost patient visits. The medical provider was charged by criminal information in the U.S. District Court for the Northern District of Illinois with one count of health care fraud. In March 2023, the medical provider pleaded guilty to the criminal information. On June 13, 2023, the medical provider was sentenced to 6 months of probation and ordered by the court to pay \$1.74 million in restitution to all affected entities, including \$44,043 to OPM.
- In July 2022, we received a referral from the U.S. Attorney’s Office for the Western District of Oklahoma about a network of nursing facilities and assisted living centers that allegedly billed for services not rendered, including billing for more than 24 hours in a day. We identified \$688,337 in claims paid by FEHBP health insurance carriers to these facilities. One provider in particular was identified as a high-risk provider. On May 11, 2023, the high-risk provider was indicted by the State of Oklahoma on charges of second-degree manslaughter for negligence in prescribing medications to a nursing home resident under their care. Another individual was also indicted related to the manslaughter allegation. Investigative activity and judicial action remain ongoing.

## **FEHBP Health Insurance Carrier Settlements**

The OPM OIG annually receives hundreds of allegations of fraud, waste, and abuse from FEHBP health insurance carriers. We decline to investigate some allegations because of a lack of investigative resources, small FEHBP loss amounts, legal or statutory difficulties, or other concerns. FEHBP health insurance carriers sometimes negotiate settlements with providers to

recover FEHBP improper payments in settlements that can simultaneously recover money for their private lines of business. The FEHBP often recovers only some of its total loss in these settlements.

- In September 2022, we received a FEHBP health insurance carrier notification about a medical laboratory that allegedly billed for excessive or unnecessary COVID-19 testing. On June 1, 2023, we received notification that the FEHBP health insurance carrier intended to use the claims offset process administratively to recover \$22,706 in improper payments that the FEHBP health insurance carrier made to the laboratory.

## **The Impact of the Opioid Crisis on the FEHBP**

In October 2017, the opioid crisis was declared a public health emergency. All Executive agencies were directed to use their available means to combat the consequences of the epidemic. We continue to prioritize opioid-related investigations during this public health emergency. Opioid investigations by our office may involve the manufacturing or marketing of opioids; the prescribing practices of medical providers; or fraud, waste, or abuse by sober homes and substance abuse recovery facilities.

### **Opioid-Related Case Summaries**

In this quarter, we do not have any developments to report about any of our ongoing opioid-related case investigations.

## **The FEHBP's Exclusion from the Anti-Kickback Statute: A Barrier to Recovering FEHBP Improper Payments**

The Anti-Kickback Statute (Title 42 U.S. Code § 1320a-7b) makes it illegal for health care providers to knowingly and willfully solicit or accept bribes or other forms of remuneration in return for activities such as patient referrals.

The FEHBP is excluded from pursuing cases under the Anti-Kickback Statute. Kickbacks can increase FEHBP costs. Additionally, if health care providers are tempted to profit off referrals for treatments or procedures that are not medically necessary, FEHBP members can suffer harm. The FEHBP's exclusion from the Anti-Kickback Statute can interfere with our ability to protect the FEHBP and its members from improper conduct that, when committed against any other Federally funded health care program, constitutes a Federal crime. Improperly paid FEHBP dollars can go unrecovered because of our exclusion.

Typically, our investigations are complicated by the FEHBP's Anti-Kickback Act exclusion when either of the following findings occur:

1. Our investigation finds alleged wrongdoing by a medical provider involves Anti-Kickback Statute violations as well as other wrongdoing. In these cases, we often continue our investigation. However, if there is a settlement or restitution, the FEHBP

may be unable to recover losses considered Anti-Kickback Statute violations. The FEHBP may recover a smaller part of its improper payments compared to other Federal programs.

2. Our investigation finds alleged wrongdoing by a medical provider involves primarily or exclusively Anti-Kickback Statute violations. When the Department of Justice prosecutes these cases, other Federal health care programs are identified as victims—but the FEHBP is not, regardless of dollars lost. We typically close these cases after a prosecutorial determination excludes the FEHBP based on the Anti-Kickback Statute’s exclusion.

### **Anti-Kickback Statute-Related Case Summaries**

We previously reported on a joint Federal and State multiagency criminal investigation regarding dozens of medical providers, marketers, and compounding pharmacies that submitted more than \$40 million to Federal health benefit paying agencies in false claims for medically unnecessary compounded medication prescriptions and engaged in using illegal kickbacks. The FEHBP had paid more than \$1.86 million to the medical providers involved in this scheme. More than 25 indictments and 10 convictions are associated with this case. On April 3, 2023, a pharmacist was sentenced to 180 months in prison and ordered to pay \$11 million in restitution specifically to TRICARE. The FEHBP was excluded from the restitution of more than \$1.86 million related to this action because of its exclusion from the Anti-Kickback Statute.

# Retirement Annuity Investigations

OPM reported \$325.81 million in improper payments for its retirement programs in fiscal year 2022. These improper payments often are from fraud, waste, or abuse in the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS) retirement programs.

The most common causes of improper payments are related to annuitant deaths that are unreported or unknown to OPM. These unreported deaths may allow payments to continue because of program vulnerabilities or intentional fraud on the part of bad actors. Sometimes, CSRS or FERS improper payments continue for years and cost tens of thousands of dollars before discovery.

Fraud by forged documents (such as OPM's Address Verification Letters), identity theft, and other schemes are common harms that the OPM OIG investigates. We also investigate allegations of elder abuse that may relate to OPM programs and mismanagement of funds by representative payees who violate their duty to act on behalf of an OPM annuitant or survivor annuitant.

As part of our investigative work, our Investigative Support Operations group performs proactive searches of death records and other data analysis to find OPM annuitants and survivor annuitants who died but to whom OPM continues to send annuity payments. These proactive investigations are a vital process for finding and stopping improper payments. In some cases, our proactive analysis generates leads for criminal investigations. Information from our Investigative Support Operations that we refer to OPM can also help the agency recover money through administrative actions such as payment agreements or the U.S. Department of the Treasury (Treasury) reclamation process.

## OPM Retirement Annuity Fraud Case Summaries

- In October 2021, we received a fraud referral from the OPM Retirement Services program office regarding a monthly annuity paid to an annuitant who had died in April 2018. Following the annuitant's death, OPM continued to deposit annuity payments into a checking account until the death was discovered in July 2020. The post-death improper annuity payments totaled \$58,420. OPM recovered \$13,187 through the Treasury reclamation actions and from the financial institution that hosted the deceased annuitant's checking account. The remaining improper payment was \$45,232. In January 2023, an individual was charged in the U.S. District Court for the Southern District of Illinois by criminal information with one count of theft of Government funds for stealing the annuity payments. On May 15, 2023, the individual pleaded guilty and was sentenced to 24 months of probation. Additionally, the court ordered the individual to pay \$17,319 in restitution, including \$11,604 to OPM.

- In January 2019, we received a fraud referral from the OPM Retirement Services program office about the unreported April 2008 death of an OPM survivor annuitant. Survivor annuity payments had continued to be deposited into the survivor annuitant's account until July 2018. The total post-death annuity payments totaled \$94,692. Our investigation found that more than 200 personal checks were cashed after the survivor annuitant's death. One individual was charged in the U.S. District Court for the Southern District of Texas with theft of Government property. This individual pleaded guilty on June 26, 2023, to one count of theft of Government property. The plea agreement agrees to the individual returning \$94,000 to OPM. Further judicial action related to sentencing is anticipated in this case.
- In May 2019, our proactive investigative efforts located a death record for an OPM retired annuitant who had died in June 2016. The OPM Retirement Services program office had continued making annuity payments until we provided the located death record. In total, OPM paid \$128,983 after the annuitant's death. Our investigation found that a neighbor of the deceased annuitant had access to the bank account where the annuity payments were deposited and had obtained several books of blank checks. By forging checks with the deceased annuitant's signature, the neighbor deposited money into business accounts. The neighbor also acquired and then sold the deceased annuitant's property and kept the proceeds. On May 25, 2023, the neighbor was charged in the U.S. District Court for the District of Nevada with one count of theft of Government money. That same day, the neighbor pleaded guilty. On June 16, 2023, the neighbor was sentenced to 3 years of probation, 180 days of house arrest, and 1,000 hours of community service and ordered by the court to repay OPM \$127,770.
- We received a fraud referral from the OPM Retirement Services program office about the unreported October 2004 death of an annuitant. Annuity payments had continued until August 2016. In total, OPM paid \$347,597 in post-death annuity payments. Through the Treasury reclamation process, OPM recovered \$34,189. The final outstanding improper payment was \$313,408. An individual was indicted in 2017 in the U.S. District Court for the Central District of California. After numerous postponements, the United States Attorney's Office prosecuting the case decided to move forward with a plea agreement to resolve the case. The individual pleaded guilty on May 10, 2023, to one count of obstruction of mail, a misdemeanor. The court sentenced the individual to time served. There was no restitution ordered in this case or as part of the plea agreement.

# Integrity Investigations

We conduct investigations into allegations of fraud, waste, abuse, or mismanagement involving OPM employees and contractors. These integrity investigations may involve whistleblowers or allegations of retaliation.

Integrity investigations are essential to maintaining public confidence in OPM, which includes the trust of the civil servants who rely on OPM programs to operate efficiently and effectively.

Our efforts in these investigations are an important part of the OIG's mission to provide independent and objective oversight of OPM programs and operations.

## **Integrity Investigations Case Summaries**

In May 2018, we received a referral from another Federal agency alleging that an OPM employee was steering an OPM contract to an IT management and consulting firm co-founded by the OPM employee's spouse. This OPM employee had served as the contracting specialist on a September 2011 Blanket Purchase Agreement and signed modifications that increased the cost of the contract with the spouse's company. For this Blanket Purchase Agreement, OPM ultimately falsely obligated \$29.51 million—for a Blanket Purchase Agreement with an original ceiling of \$4.5 million. OPM subsequently awarded two additional task orders to the IT firm as well. In total, OPM obligated \$35.68 million to the spouse's firm. On April 4, 2023, the OPM employee was indicted in the U.S. District Court for the District of Columbia for violating Title 18 United States Code Section 208(a), Acts Affecting a Personal Financial Interest. On May 19, 2023, the OPM employee pleaded guilty. Further judicial action related to sentencing is expected in this case.

# About OPM Programs

- **Federal Employees Health Benefits Program (FEHBP):** The FEHBP is the largest employer-sponsored health insurance program in the world, covering more than 8.2 million Federal employees, annuitants, family members, and other eligible individuals. The FEHBP provides quality, affordable, and comprehensive health benefits with national and local plan choices. It is a vital part of the Federal Government's benefits package.
- **Federal Employee Dental and Vision Insurance Program (FEDVIP):** FEDVIP makes supplemental dental and vision insurance available to Federal employees and retirees who are eligible for Federal employment benefits.
- **OPM Retirement Programs, including the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS):** OPM Retirement Programs pay monthly annuities to retired civil servants and the survivors of deceased OPM annuitants. OPM paid billions in defined benefits to retirees, survivors, representative payees, and families during the previous fiscal year.
- **Federal Employees' Group Life Insurance program (FEGLI):** FEGLI is the largest group life insurance program in the world, covering enrolled Federal employees, retirees, and their family members. It provides standard group term life insurance and elective coverage options.
- **Federal Executive Institute (FEI):** FEI is part of OPM's Center for Leadership Development. It offers learning and ongoing leadership development opportunities for Federal senior leaders through classes and programs to improve the performance of Government agencies.
- **Combined Federal Campaign (CFC):** CFC is the largest and most successful annual workplace charity campaign in the world, raising millions of dollars each year through pledges made by Federal civilian and retiree, postal, and military employee donors during the campaign season. These pledges support eligible nonprofit organizations.



# Report Fraud, Waste, Abuse, and Mismanagement

Fraud, waste, abuse, 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:** <https://oig.opm.gov/contact/hotline>

**By Phone:** Toll Free Number: (877) 499-7295

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