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

Summary of Investigative Activities

Quarterly Summary of Investigative Activities

January 1, 2024, to March 31, 2024

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 as part of our mission to 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 fraud, waste, abuse, and mismanagement that harms OPM, its programs and operations, and Federal employees, retirees, and their eligible dependents.

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Drew M. Grimm
Assistant Inspector General for Investigations

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 Employees 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 OPM OIG's oversight of OPM programs and operations and ensuring OPM maintains the trust of the public and the Federal employees, annuitants, and eligible dependents whom the agency serves.

An indictment is merely an allegation. Defendants referenced in these case summaries who have not pleaded guilty or been convicted are presumed innocent unless and until proven guilty beyond a reasonable doubt in a court of law.

Abbreviations

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

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Health Care Investigations

OPM OIG Health Care Investigations

The U.S. Office of Personnel Management's (OPM) health benefits programs—the Federal Employees Health Benefits Program (FEHBP) and the Federal Employees Dental and Vision Insurance Program (FEDVIP)—cumulatively pay tens of millions of dollars annually in improper payments 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 family members who receive health benefits also cause improper payments.

The OPM OIG Office of Investigations prioritizes investigating allegations of patient harm, substantial monetary loss to OPM health care programs, program vulnerabilities, or 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 September 2020, we received an FEHBP health insurance carrier notification alleging that an FEHBP member was submitting fictitious claims for services on behalf of their dependent children. The services in these claims never occurred. Our investigation also identified another individual, the spouse of another FEHBP member, as a coconspirator in the alleged fraud scheme. FEHBP health insurance carriers paid these two individuals a combined $379,000 in medical claims. We previously reported that these individuals were indicted in the U.S. District Court for the Southern District of New York on one count each of conspiracy to commit health care fraud, one count each of health care fraud, and one count each of aggravated identity theft. On January 4, 2024, the FEHBP member pleaded guilty to health care fraud. Further judicial action is anticipated in this case.

- In June 2019, we received a referral from the Federal Bureau of Investigation regarding allegations that the owner of a third-party medical billing company sought extremely high reimbursement amounts by submitting false claims on behalf of clients. The owner (or their associates) allegedly made follow-up phone calls to health insurance carriers and impersonated patients on these calls, imploring health insurance carriers to pay more money to doctors. FEHBP health insurance carriers paid $6.17 million for claims associated with the alleged scheme. We previously reported that the owner of the billing company was charged in the U.S. District Court for the Eastern District of New York with wire fraud, aggravated identity theft, conspiracy to commit health care fraud, health

care fraud, and money laundering conspiracy and found guilty at trial of one count of conspiracy to commit health care fraud, one count of health care fraud, three counts of wire fraud, and three counts of aggravated identity theft. On February 2, 2024, the owner was sentenced to 144 months of imprisonment and 2 years of supervised release; the court also ordered payment of $336.99 million, a special assessment of $800, and forfeiture of $63.38 million. The restitution to be allocated to each agency is still under determination by the U.S. Department of Justice.

- In September 2016, we received a case referral from a Federal law enforcement partner about a pharmacy that allegedly violated the False Claims Act by billing for medications that were not actually dispensed. We initially closed our investigation because the FEHBP's limited financial exposure did not warrant further investigative resources. We provided FEHBP claims data to the U.S. Department of Justice for inclusion in any judicial resolution. On February 5, 2024, a $4.65 million settlement between the pharmacy and the Government resolved the allegations. The FEHBP trust fund received $126,313 from the settlement.

- In November 2020, we received a case referral from a law enforcement partner regarding an autism treatment center that allegedly fraudulently billed for applied behavioral analysis treatment. FEHBP health insurance carriers paid $150,000 in claims related to the alleged scheme. On January 16, 2024, one individual was indicted in the U.S. District Court for the District of Alaska on one count of health care fraud and one count of making a false statement on a loan application. Further activity is expected in this case.

- In May 2021, we received an exposure request from the U.S. Attorney's Office for the Eastern District of Pennsylvania regarding allegations that a prescription drug manufacturer allegedly distributed unapproved medications. Specifically, certain medicine batches produced by the manufacturer were not made according to the approved formulation, which violated the Food, Drug, and Cosmetic Act. The FEHBP paid $451,882 in claims for the medications at issue. On March 6, 2024, the prescription drug manufacturer pleaded guilty to criminal charges that it introduced adulterated drugs into interstate commerce. Per the plea agreement, the drug manufacturer agreed to a proposed fine and forfeiture of $1.5 million and agreed to a 3-year deferred prosecution agreement that includes implementing a compliance program with an independent compliance monitor. Additionally, the drug manufacturer agreed to pay $2 million to resolve its civil liability under the False Claims Act. The FEHBP trust fund received $505,595.

OPM OIG Investigations Involving the Opioid Crisis

The Department of Health and Human Services has an ongoing determination that the opioid crisis is a public health emergency. The OPM OIG Office of Investigations continues to prioritize opioid-related investigations during this public health emergency. Opioid investigations by our office may involve the manufacturing or marketing of opioids;

inappropriate or medically unnecessary prescribing practices; or fraud, waste, or abuse by sober homes and substance abuse recovery facilities.

Opioid-Related Case Summaries

- In November 2016, we received a referral alleging that a medical provider who owned multiple urgent care facilities was billing for services not rendered or were not medically necessary and that there was excessive prescribing of Schedule II narcotics. The FEHBP had paid $134,229 related to the specific identified fraud scheme. We previously reported numerous arrests, debarments, guilty pleas, sentencings, and other judicial outcomes related to this case. On February 24, 2024, a former physician assistant who had pleaded guilty to one count of distribution of a controlled substance was sentenced to 2 years of probation and a $1,000 fine. Additionally, a physician who worked at the urgent care facilities and that had pleaded guilty to maintaining a drug-involved premises and conspiracy to distribute oxycodone and other Schedule II controlled substances was sentenced to 30 months of incarceration, 3 years of supervised release with the first year being home confinement, a $1,000 fine, and a $200 special assessment. On March 5, 2024, a physician pleaded guilty to one count of conspiracy to distribute a controlled substance and one count of distribution of a controlled substance. This individual was sentenced to 1 day of incarceration and 3 years of probation and to complete 300 hours of community service. On March 11, 2024, another individual was sentenced to 12 months and 1 day in prison and 3 years of supervised release. Further judicial action is anticipated in this case.

- We received information from a Federal law enforcement partner about a detoxification facility that continued to submit medical claims for services after the company was evicted from its location in January 2018. The facility specifically targeted FEHBP members that had previously been patients. In all, the facility received $4.2 million from the FEHBP as part of the fraud scheme that took place between January 2018 and May 2020. One individual associated with the facility also obtained a $150,000 Economic Injury Disaster Loan through misrepresentations. On January 31, 2024, this individual pleaded guilty in the U.S District Court for the Southern District of Florida to one count of health care fraud. Further judicial action is anticipated in this case.

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 Sections 1320a–7b) makes it illegal for health care providers to knowingly and willfully 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 and patients can suffer harm if health care providers are tempted to profit off referrals for treatments or procedures that are not medically necessary.

The FEHBP's exclusion from the Anti-Kickback Statute has interfered with our ability to protect the FEHBP and its members from improper conduct that would constitute a Federal crime when committed against any other Federally funded health care program. Improperly paid FEHBP dollars can go unrecovered because of our exclusion.

Typically, our investigations are complicated by the FEHBP's Anti-Kickback Statute exclusion if one of the following findings occur:

1. Our investigation finds alleged wrongdoing by a medical provider that 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 that 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.

Anti-Kickback Statute-Related Case Summaries

- In July 2022, we received a *qui tam* complaint filed in the U.S. District Court for the Eastern District of Michigan regarding a medical entity that allegedly engaged in a nationwide fraudulent pharmaceutical drug discounting scheme that violated the Federal Anti-Kickback Statute. Because the allegations were predicated on violations of the Anti-Kickback Statute and the FEHBP is excluded from that statute, we closed our investigation.

- In August 2022, we received a *qui tam* filed in the U.S. District Court for the District of Maryland, which was subsequently transferred to the U.S. District Court for the Northern District of Georgia, alleging that a medical laboratory conducted testing without physician orders and based on the instructions of unlicensed staff. The testing allegedly was based on forged documentation and for services that were not medically necessary. One individual pleaded guilty to conspiracy to pay health care kickbacks. However, because the FEHBP is excluded from the Anti-Kickback Statute, we closed our investigation.

Retirement Investigations

About OPM OIG Retirement Investigations

OPM reported $337.55 million in improper payments under the Retirement Services program, including $224.33 million in overpayments, in fiscal year 2023. These improper payments often are from fraud, waste, or abuse in the OPM-administered 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 annuity payments continue for years and amount to tens of thousands of dollars before discovery.

Fraud by forged documents (such as OPM's Address Verification Letters to annuitants), identity theft, and other schemes are common harms that the OPM OIG investigates. We also investigate allegations of financial elder abuse to OPM annuitants 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 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 our Investigative Support Operations refers to OPM can also help the agency recover improper payments through administrative actions such as payment agreements or the U.S. Department of the Treasury (Treasury) reclamation process.

OPM Retirement Fraud Case Summaries

- In April 2018, we received information that a survivor annuitant had failed to respond to multiple Address Verification Letters sent by the OPM Retirement Services program office. A death record was located showing the survivor annuitant had died in February 1988. OPM had paid $987,936 in post-death survivor annuity payments. A criminal information was filed in the U.S. District Court for the Northern District of Illinois charging an individual with one count of theft of Government funds. In December 2019, the subject of our investigation pleaded guilty to the charge. However, the subject died in February 2021 while awaiting sentencing and the criminal case was dismissed. Instead, financial recovery was pursued through civil remedies with the deceased investigative subject's estate. On February 23, 2024, the estate of the deceased subject agreed to pay OPM $176,355 (minus the 3-percent Department of Justice offset) in restitution.

- In March 2022, we received a referral from a Federal law enforcement partner regarding allegations that a Federal employee was stealing annuity payments from their parent—a Federal annuitant living with dementia in a Veterans Affairs Medical Center in West Virginia. The Federal employee misappropriated $81,001 in OPM annuity payments. In September 2023, the Federal employee was indicted in the U.S. District Court for the Northern District of West Virginia on charges of misappropriation by a fiduciary; wire fraud; theft of Government property; false written statements; and false statements to Federal agents. On March 12, 2024, the Federal employee pleaded guilty to wire fraud. Further judicial action is anticipated in this case.

- In November 2022, we received a fraud referral from the OPM Retirement Services program office regarding improper payments made to a deceased survivor annuitant whose December 2015 death was not reported to OPM in a timely manner. Survivor annuity payments continued through November 2021, resulting in an overpayment of $75,372. OPM recovered $5,838 through the Treasury reclamation process, leaving a net overpayment of $70,064. On March 12, 2024, one individual was indicted in the U.S. District Court for the District of South Carolina on one count of theft of Government property. Further judicial action is anticipated in this case.

Integrity Investigations

About OPM OIG Integrity Investigations

The Office of Investigations conducts 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 current and retired civil servants and eligible family members 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

- We have no reportable actions in integrity-related investigations during this quarter.

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 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 Employees Dental and Vision Insurance Program (FEDVIP):** FEDVIP makes supplemental dental and vision insurance available to Federal employees and retirees and their eligible family members.

- **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 eligible survivors of deceased OPM annuitants. OPM paid billions of dollars in defined benefits to retirees, survivors, representative payees, and eligible family members 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 eligible family members. It provides standard group term life insurance and elective coverage options.

- **Federal Executive Institute (FEI):** The 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):** The 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