



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

Summary of Investigative Activities

Quarterly Summary of Investigative Activities

April 1, 2024, to June 30, 2024

PERSONNEL MANAGEMENT

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.

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

Table of Contents

Executive Summary	i
Abbreviations	ii
Table of Contents	3
Health Care Investigations	4
Retirement Investigations	8
Integrity Investigations	10
About OPM Programs.....	11

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 members, including 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 January 2023, we received a carrier notification from an FEHBP health insurance carrier alleging FEHBP health claims submitted were after the January 2020 death of the FEHBP member. Our investigation found that the daughter had \$138,903 in medical and pharmacy claims paid by the FEHBP health insurance carrier after her mother’s death. On May 16, 2024, the daughter was indicted in the U.S. District Court for the District of Maryland on one count of theft of public money and one count of aiding and abetting. Further judicial action is expected in this case.
- In September 2020, we received a carrier notification from an FEHBP health insurance carrier alleging that an FEHBP member was submitting fictitious mental health claims on behalf of his dependent children to receive reimbursement. The investigation also found another member—the husband of a Federal employee—was a coconspirator in the alleged scheme. FEHBP health insurance carriers paid \$379,000 across both members involved in this scheme. We previously reported that one of the two persons involved in this scheme pleaded guilty in the U.S. District Court for the Southern District of New York to health care fraud. On June 6, 2024, that individual was sentenced to time served with 3 years of supervised release and ordered by the court to perform 100 hours of community service. The court also ordered restitution of \$304,283 to the FEHBP. Further judicial action is expected in this case.

- In October 2016, we received a carrier notification from an FEHBP health insurance carrier alleging that a pharmacy billed for high-dollar reimbursement medications from two manufacturers, which was potentially indicative of an improper relationship between them. FEHBP health insurance carriers paid the pharmacy \$670,000 for the medications identified at the center of this alleged fraud. We previously reported numerous indictments and guilty pleas in the U.S. District Court for the Eastern District of Virginia. On April 26, 2024, an additional individual was charged by criminal information with one count of maintaining a drug-involved premises for the purpose of distributing controlled substances. That individual pleaded guilty to the charge. Further judicial action is expected in this case.
- In June 2018, we received a carrier notification from an FEHBP health insurance carrier alleging that a durable medical equipment company was billing excessively for equipment that was not medically necessary. FEHBP health insurance carriers paid the durable medical equipment company \$16 million between 2013 and July 2021. On April 26, 2024, the durable medical equipment company agreed to a civil settlement wherein it paid \$352,800 for improperly billing compression garments. After the 3-percent DOJ offset, the FEHBP recovery totals \$342,216.

OPM OIG Investigations Involving the Opioid Crisis

Beginning in 2017, the Department of Health and Human Services declared the opioid crisis as an ongoing 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 March 2023, we received a case referral from a Federal strike force regarding allegations that a medical laboratory was billing for services not rendered and providing kickbacks to providers and entities in exchange for referrals. FEHBP health insurance carriers paid \$2.97 million related to the alleged scheme. On June 11, 2024, OPM OIG special agents along with other Federal law enforcement partners executed a search warrant at the medical lab. Further action is anticipated in this case.
- In July 2014, we received a *qui tam* that alleged that a medical company had their sales force provide misleading information about an opioid pain medication. FEHBP health insurance carriers paid more than \$15 million for claims related to this medication. This case was initially declined for prosecution, but as part of an April 2024 settlement, the company pleaded guilty to a misdemeanor count of introducing misbranded drugs into interstate commerce. On May 3, 2024, the civil settlement was fully executed, and the medical company agreed to pay \$475 million to resolve its civil liability. The FEHBP received \$117,500.

- In July 2023, we received a case referral from a Federal law enforcement partner alleging that two medical providers were billing excessively and billing for services not rendered. Instead of providing the injections that patients were billed for, the medical providers allegedly provided opioids regardless of patient complaint or diagnosis. FEHBP health insurance carriers paid \$144,771 related to the alleged scheme. We previously reported the indictment and arrest of the two medical providers. On May 21, 2024, each individual pleaded guilty in the U.S. District Court for the Northern District of Texas to one count of conspiracy to commit health care fraud. Further judicial action is expected in this case.
- In June 2018, we received a referral from a Federal law enforcement partner about a doctor who was allegedly selling prescriptions for opioids. Our investigation was initially closed because of lack of evidence into the illegal sale of opioids. However, additional information in February 2022 alleged that the doctor was billing for services not rendered. FEHBP health insurance carriers had paid the doctor \$2.59 million. On June 18, 2024, the doctor was arrested and a search warrant was executed at the doctor's clinic. He has been charged in the U.S. District Court for the Eastern District of Virginia with three counts of health care fraud. Further judicial action is expected in this case.
- We previously reported about an investigation involving a chain of urgent care facilities that allegedly billed for services not rendered and excessively prescribed Schedule II narcotics or prescribed narcotics when the medicines were not medically necessary. FEHBP health insurance carriers paid \$6.2 million related to the allegations. Previous investigative summary reports have described the guilty pleas and sentencing of multiple individuals associated with this case in the U.S. District Court for the Eastern District of Pennsylvania. On April 4, 2024, one individual who had pleaded guilty to maintaining a drug-involved premises, aiding and abetting, and conspiring to unlawfully distribute Schedule II controlled substances was sentenced to time served (since violating their parole in June 2022, they had been incarcerated for 22 months) and 3 years of supervised release. The court also ordered this individual to pay a \$300 fine and to receive treatment for substance abuse. On April 23, 2024, another individual was sentenced to 36 months of probation based on their guilty plea to maintaining a drug-involved premises and conspiracy to distribute a controlled substance. They were also ordered by the court to complete 300 hours of community service. This individual was referred to the OPM OIG's Administrative Sanctions Group for debarment. On April 25, 2024, a third individual was sentenced to 24 months of imprisonment followed by 3 years of supervised release based on their guilty plea to guilty plea to maintaining a drug-involved premises and conspiracy to distribute a controlled substance. The court also issued a \$5,000 criminal fine.
- We received a case referral from a Federal law enforcement strike force alleging that a detox facility was billing for services not rendered. The detox facility had been evicted for nonpayment of rent in January 2018, but it continued to submit claims for FEHBP members through May 2020, costing \$4.3 million in paid false claims by FEHBP health insurance carriers. This scheme specifically targeted FEHBP members and involved the owner of the detox facility or family members of the owner impersonating the FEHBP members to change the members' mailing address. The detox facility owner also received

a \$150,000 Economic Injury Disaster Loan based on false information. We previously reported that the detox owner pleaded guilty in the U.S. District Court for the Southern District of Florida to one count of health care fraud. On April 10, 2024, the owner was sentenced to 48 months of imprisonment and 3 years of supervised release. The court also ordered \$4.4 million in restitution to be paid to the FEHBP, including forfeiture of property such as real estate and luxury cars.

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 February 2024, we received a case notification from an FEHBP health insurance carrier regarding allegations that a medical provider improperly dispensed COVID-19 test kits or vaccines and might be receiving kickbacks to do so. The FEHBP paid \$171,400 to this provider since 2019. Because this case involves allegations of kickbacks and the FEHBP is excluded from the Anti-Kickback Statute, we closed our investigation.

Retirement Investigations

About OPM OIG Retirement Investigations

OPM reported \$224.33 million in overpayments under the Retirement Services program 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 June 2022, we received a fraud referral from OPM Retirement Services regarding a deceased annuitant who died in December 2018. OPM continued to send payments until November 2021, resulting in an overpayment of \$77,865. OPM recovered \$2,131 through the Treasury's reclamation process. Our investigation identified that the daughter-in-law of the decedent used the money from the annuity payments for personal use. The daughter-in-law was indicted in the U.S. District Court for the Eastern District of Missouri and charged with one count of theft of Government money and pleaded guilty on April 23, 2024. Further judicial action is expected in this case.
- In July 2023, we received a request for assistance from a Federal law enforcement partner regarding a deceased survivor annuitant who died in January 1998 but continued to receive payments through June 2023. OPM made \$702,336 in post-death annuity payments and recovered \$4,549 through Treasury's reclamation process. On

May 2, 2024, the daughter of the deceased survivor annuitant was indicted in the U.S. District Court for the District of New Jersey on one count of wire fraud. Further judicial action is expected in this case.

- In January 2024, we received a request for assistance from a State law enforcement partner regarding an investigation into financial fraud involving an OPM survivor annuitant whose annuity payments were misdirected to a third party. It was alleged that the survivor annuitant's stepchild stole \$47,327 in annuity payments between August 2018 and April 2019. On April 12, 2024, the stepchild was indicted on grand larceny in the third degree and identity theft in the first degree. An arrest warrant has been issued for the stepchild. Further action is anticipated in this case.
- In April 2024, we received information from a Federal law enforcement partner that it was closing an investigation into a deceased person who was also receiving an OPM annuity. The person suspected of stealing the annuities died and that agency had recovered funds through Treasury's reclamation process. OPM paid \$407,310 over 26 years after the deceased annuitant's death. We provided the death certificate to Retirement Services for them to drop the annuitant's file for death and engage in any administrative actions to recover the overpayments.

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