



Pharmaceutical Diversion in Medicare

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Disclaimer

I have no financial relationships to disclose.





Learning Objectives

- Understand the mission of HHS/OIG
- Recognize that drug diversion and health care fraud includes both controlled and non-controlled medications
- Learn the common healthcare fraud/ drug diversion schemes and common methods how this is accomplished
- Describe the various drug “cocktails” frequently found in drug diversion/healthcare fraud schemes





HHS Office of Inspector General: Background

- **Mission:** Protect the integrity HHS programs as well as the health and welfare of program beneficiaries
- Fight fraud, waste, abuse in Medicare & Medicaid, plus 300 other HHS programs
- Largest Inspector General's office in Federal Government
- Office of Investigations performs criminal, civil and administrative enforcement





HHS/OIG: Components

- **Office of Evaluations & Inspections:**
 - Conducts and publishes studies on various vulnerabilities in Medicare/Medicaid. Reports on OIG website with recommendations. Several drug related reports.
- **Office of Audit:**
 - Conducts independent audits of HHS programs/grantees. Also create reports and make recommendations.
- **Office of Council to IG:**
 - Provides legal counsel to IG and other components. Performs civil monetary penalties, provider self disclosures, collaborates with DOJ on national cases.
- **Office of Management and Policy:**
 - Provides mission and administrative support to the OIG
- **Office of Investigations:**
 - Law enforcement arm of OIG, which uses both traditional law enforcement techniques along with contemporary data analytic tools to identify trends and targets for investigations and prosecution



OIG Statistics

OIG Action	FY08	FY09	FY10	FY11	FY12	Total
Criminal Actions	575	671	647	723	778	3,394
Civil Actions	342	394	378	382	367	1,863
Exclusions	3,129	2,556	3,340	2,662	3,131	14,818
HHS Investigative Receivables	\$2.3 Billion	\$3.0 Billion	\$3.2 Billion	\$3.6 Billion	4.3 Billion	\$16.6 Billion
Non-HHS Investigative Receivables	\$846.3 Million	\$1.0 Billion	\$576.9 Million	\$952.8 Million	1.7 Billion	\$5.0 Billion
Total Investigative Receivables	\$3.2 Billion	\$4.0 Billion	\$3.8 Billion	\$4.6 Billion	6.0 Billion	\$21.7 Billion





Exclusion Authorities

- **Social Security Act, Sections 1128 and 1156**
- **Approximately 3000 actions per year**
- **Duration from 3 years to Permanent**
- **47% Based on License
Revocation/Suspension/Surrender**
- **48% Based on Convictions**
 - **Health Care Fraud or other Program Related Offense,**
 - **Patient Abuse/Neglect,**
 - **Controlled Substance**





Recent OIG Drug Reports

- **Inappropriate Medicare Part D Payments for Schedule II Drugs Billed as Refills**
 - \$25M
- **Prescribers with Questionable Patterns in Medicare Part D**
 - 736 general care physicians
- **Retail Pharmacies with Questionable Part D Billing**
 - Over 2600 pharmacies identified
- **Medicare Inappropriately Paid for Drugs Ordered by Individuals Without Prescribing Authority**
 - Message Therapists, Athletic Trainers, Home Repair Contractors, etc.





Collaborative Effort

- Work with DEA and TDS Task Force Units
- Work with FBI on HEAT initiative (Strike Force operations in select cities)
- Work with state, local law enforcement
- Use/encourage Prescription Drug Monitoring Programs (PDMP)
- Support education of industry, patients, providers, pharmacists -can't prosecute our way out of this problem



Where Does OIG Get Referrals?



INDUSTRY



HOTLINES



LAW ENFORCEMENT PARTNERS



SENIOR MEDICARE
PATROL



DATA ANALYTICS



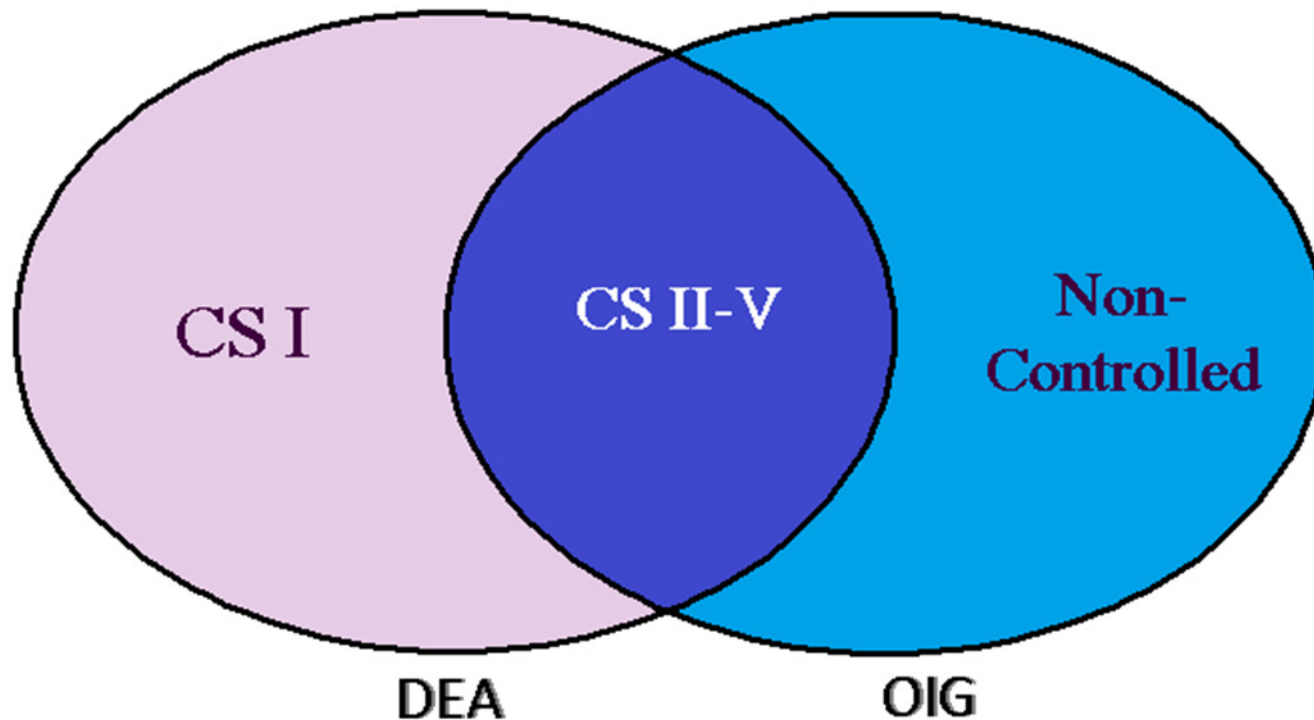


Different Drug Jurisdictions

- **DEA:** Controlled substance laws and regulations of the United States
- **HHS/OIG:** Pharmaceuticals billed to federal healthcare programs
 - Those paid by Medicare, Medicaid
 - Includes Controlled Substances paid by federal programs
 - But also includes Non-Controlled Substances



DEA & HHS/OIG Authority



Increasing Trend in Medicare Pharmaceutical Payments

Medicare Part D Expenditures

- **2012 - \$66.9 Billion**
- **2022 - \$165 Billion**
 - Projection by Centers for Medicare and Medicaid Services,
Office of the Actuary





Basis for Many Pharmaceutical Frauds Involve **KICKBACKS**

Antikickback Statute - 42 U.S.C. Section 1320a-7b(b) provides:

- (1) Whoever knowingly and willfully solicits or receives any remuneration (including any kickback, bribe or rebate) directly or indirectly, overtly or covertly, in cash or in kind –
 - (A) in return for referring an individual to a person for the furnishing or arranging for the furnishing of any item or service for which payment may be made in whole or in part under a Federal health care program, or
 - (B) in return for purchasing, leasing, ordering, or arranging for or recommending purchasing, leasing, or ordering any good, facility, service, or item for which payment may be made in whole or in part under a Federal health care program,shall be guilty of a felony and upon conviction thereof, shall be fined not more than \$25,000 or imprisoned for not more than five years, or both.





Why Divert Non-Controlled?

- **Controlled Drugs:**
 - Diverted for recreational use
- **Non-Controlled:**
 1. High reimbursement. Not dispensed, just billed. Not addiction/recreation, pure profit motivation. Not “the Government’s money” it’s YOUR money.
 2. Some diverted to other countries
 3. Others mixed into street cocktails with controlled substances





OIG Popular Diverted Drugs

Examples

- **Controlled:** Oxycodone and hydrocodone products, Opana, Dilaudid, Suboxone, Soma
- **Non-Controlled:**
 - Antipsychotics: Abilify, Zyprexa, Seroquel
 - Diabetic: Zetia, Actos
 - Respiratory: Spiriva, Advair
 - Statins: Lipitor, Crestor
 - HIV: All anti-retrovirals, protease inhibitors
 - Topical: Solaraze, Lidoderm



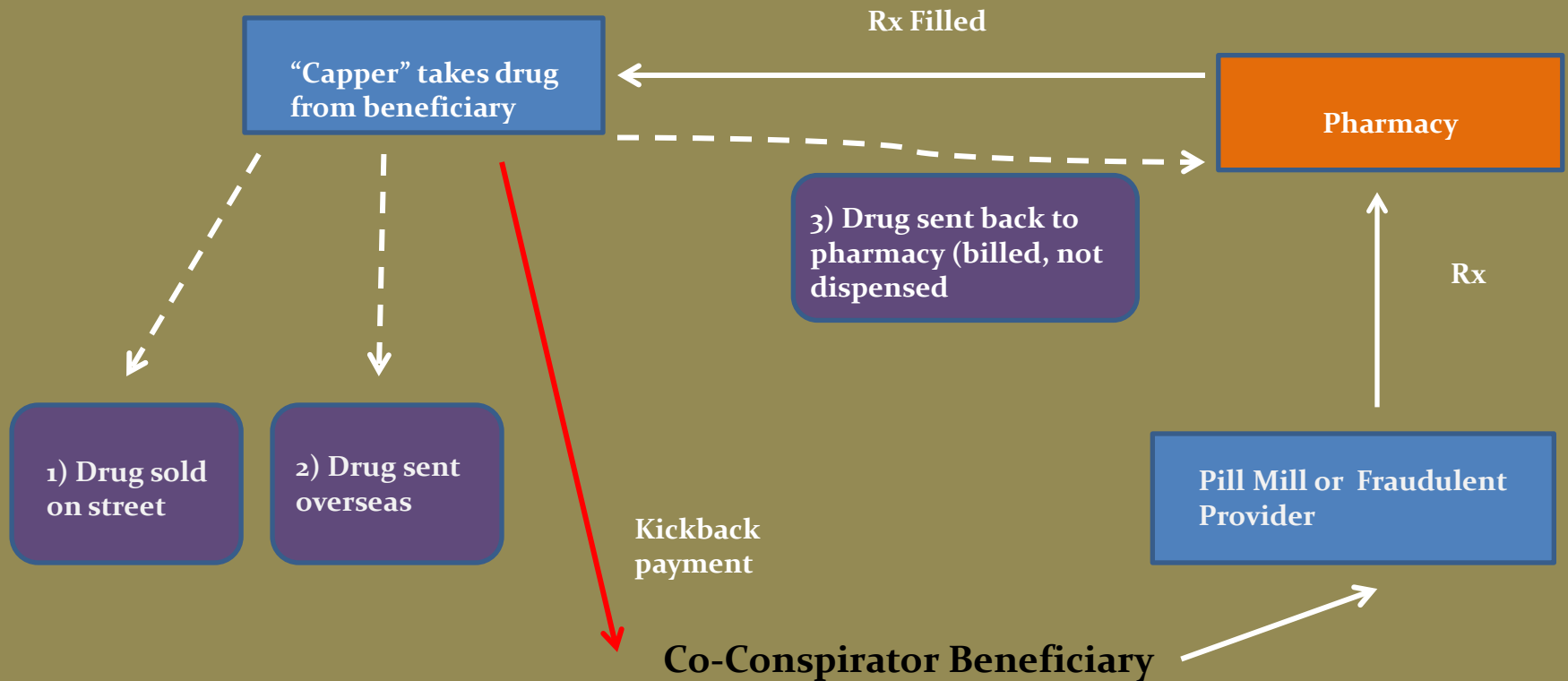


Red Flag Cocktails to Watch For

- Vicodin + Xanax + Soma = “Holy Trinity”
- Soma + Codeine = “Soma Coma”
- Retronavir (HIV) + Oxycodone (new)
- Sporanox + Oxycodone
- Seroquel + Zyprexa + Ativan + Cocaine
- Meth/Ecstasy/Viagra = “Royal Flush”



Drug Recycling Scheme





Re-shelving of “dispensed” Drug

- Over 200 pills jammed into a 90 count bottle
- (mixes lot numbers and expiration dates!)



What to Do With Your Unwanted Fraudulent Pharmacy

Thu, 13 Sep 11:39:34 [[help](#)

all south florida	miami / dade	broward county	palm beach co
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Sep 11 - Pharmacy/Discount for sale SSSSSSSSS :) ;) Make an offer ... - \$1 (Hialeah) business/commercial - by owner pic

Sep 11 - **PHARMACY & DISCOUNT FOR SALE..** - \$53900 (EL DORAL) business/commercial - by owner pic

Sep 11 - [pHaRmAcY FoR SaLe](#) - (Aventura) [business/commercial](#) - by owner [pic](#)

Sep 10 - **Pharmacy For Sale - (Miami)** business/commercial - by owner

Sep 6 - Pharmacy discount for sale/ Farmacia se Vende OBO - \$1 (Hialeah) business/commercial - by owner

Aug 30 - Pharmacy for sale- good opportunity SSSSSSSSSSSSSSSSSSSSSSS O.B.O - \$34999 (Miami) business/commercial - by dealer pic

Aug 21 - **PHARMACY DISCOUNT FOR SALE** - (MIAMI, FLORIDA) business/commercial - by owner

Aug 17 - **Pharmacy and Discount for sale - \$135000** (Miami Spring) **business/commercial - by owner**

Aug 10 - [Pharmacy Discount For Sale](#) - \$90000 (Pembroke Pines, FL) [business/commercial](#) - by owner

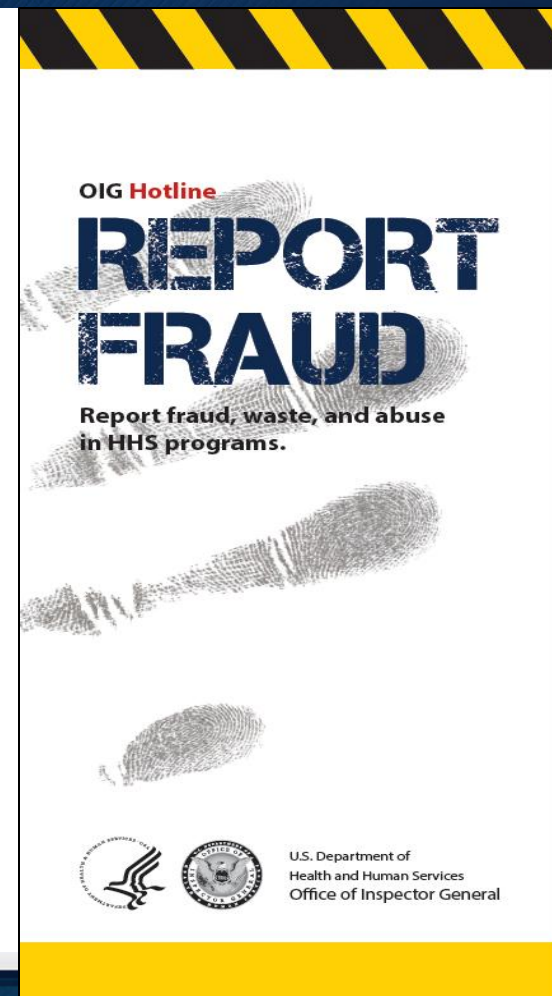
sort by **most recent** best match low price high price

~~Founds 0 Dioxins 1 0~~



What To Do if you Suspect Fraud or Diversion Activity?

- Use available databases to scrutinize scripts; including your state PDMP database
- If receive a clearly fraudulent script, forged script, ID theft; engage law enforcement immediately
- If you suspect a Medicare provider or beneficiary is diverting, contact
 - 800-HHS-TIPS or at
 - oig.hhs.gov/report-fraud





Denver Field Office

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Denver, Colorado
1800-HHS-TIPS
1800-447-8477





Thank You

