



# Pharmacy Diversion Awareness Conference

## **Pharmaceutical Diversion in Medicare**

**Shimon Richmond**

Assistant Special Agent in Charge

Investigations Branch, Headquarters

Office of Inspector General/ Office of Investigations

U.S. Department of Health and Human Services

Washington, DC 20201





# 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 drugs frequently found in drug diversion/healthcare fraud schemes





# Pre-Test Questions to Consider

- Does HHS/OIG have oversight for controlled drugs, non-controlled drugs, or both?
- Pharmacist-owner who gives a local physician two tickets to next months playoff game in exchange for sending patients to your pharmacy.
- Diversion can occur of both controlled and non-controlled drugs.







# 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





# 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**
  - Massage Therapists, Athletic Trainers, Home Repair Contractors, etc.







# OIG Collaborative Effort

- Tactical Diversion Squads (with DEA)
- Strike Force Units (FBI on HEAT initiative)
- With state, local LE
- Use/encourage Prescription Drug Monitoring Programs (PDMP)
- Support education of industry, patients, providers, pharmacists - Can't prosecute our way out of this problem





# OIG Statistics

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



# 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





# 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**







# 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.



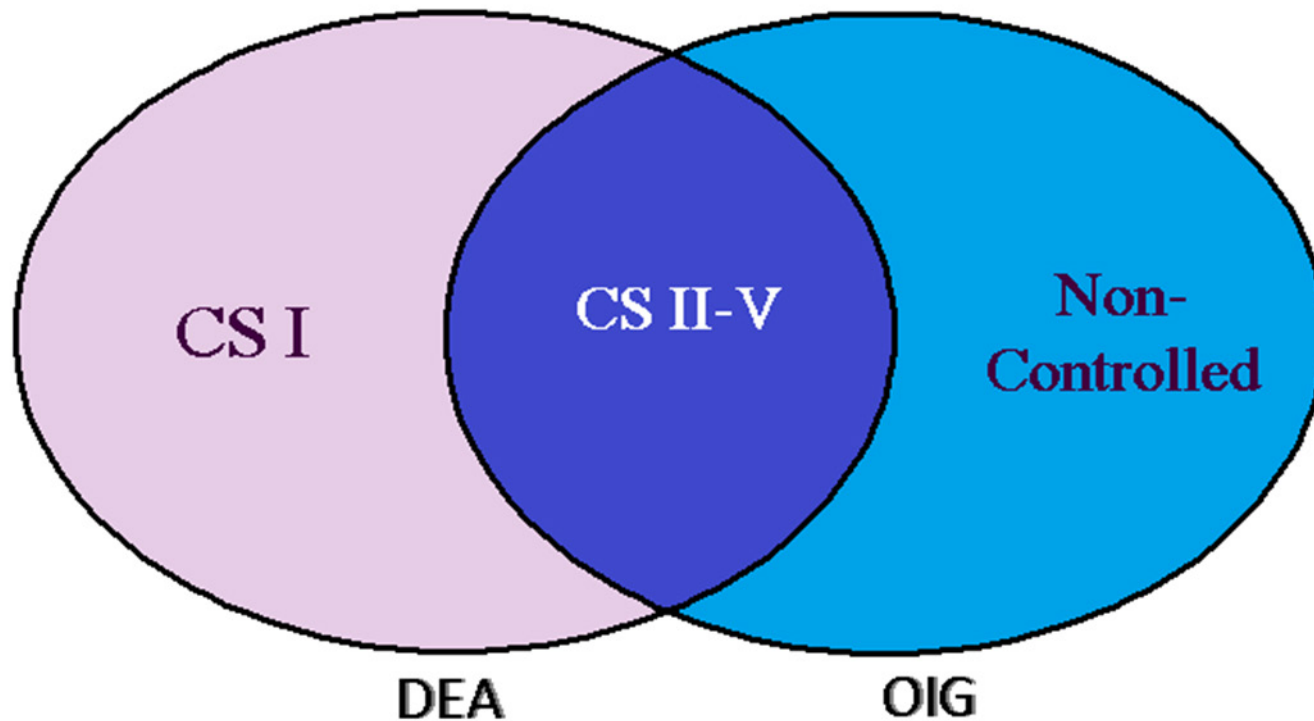


# Different Drug Jurisdictions

- **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





# Where Does OIG Get Referrals?



INDUSTRY



HOTLINES



LAW ENFORCEMENT PARTNERS



SENIOR MEDICARE  
PATROL



DATA ANALYTICS



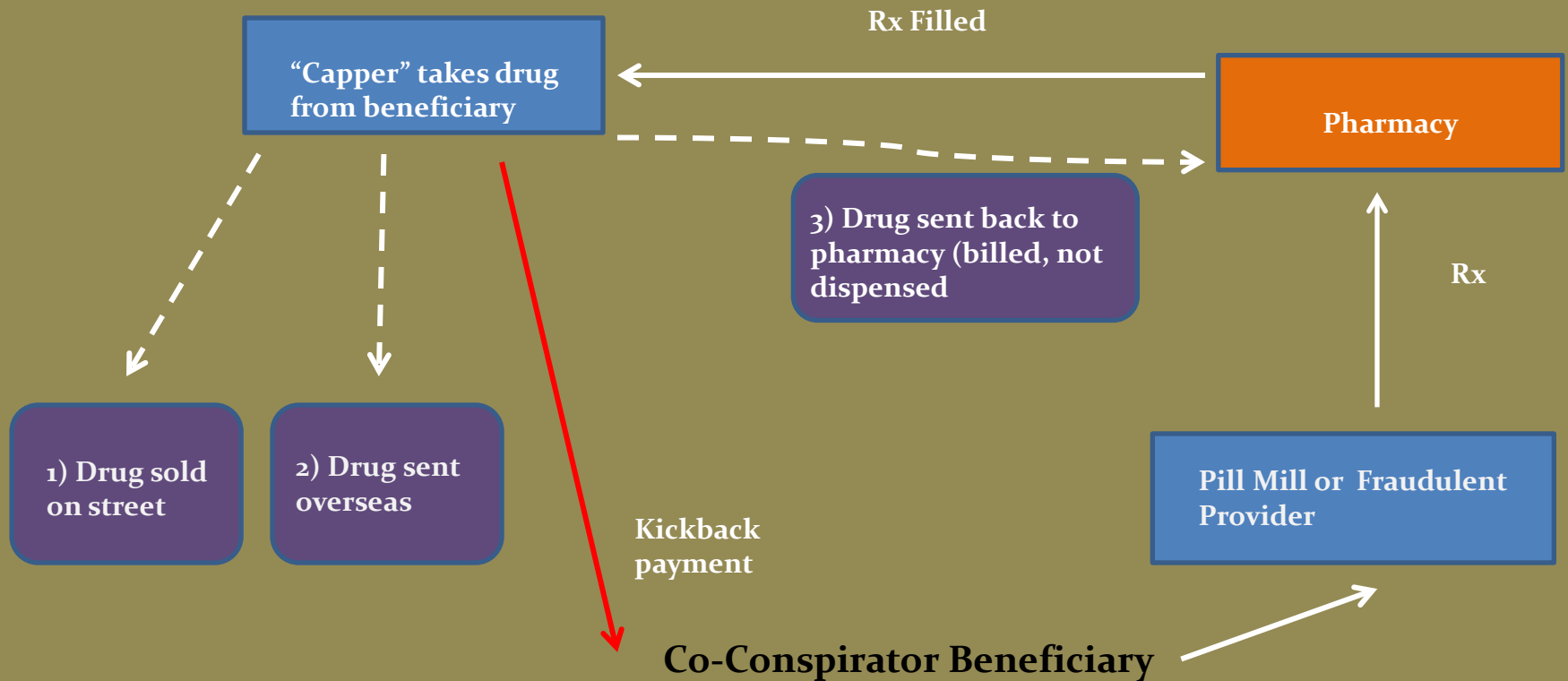


# Why Divert Non-Controlled?

- **Controlled Drugs:**
  - Diverted for recreational use
  - \$57B in societal costs
- **Non-Controlled:**
  1. High reimbursement—financial crime. Not dispensed, just billed. It's not “the government's money” – it's YOUR money.
  2. Some diverted to other countries
  3. Others mixed into street cocktails with controlled substances; are “POTENTIATORS”



# Drug Recycling Scheme







# Re-shelving of “dispensed” Drug

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





# Common Pharmacy Schemes

- Billed but not dispensed
- Fictitious scripts/name)
- Auto refills
- Add-on scripts
- Dispense compound/bill for brand
- Paying patients for scripts
- Payment for referrals

## Other Issues:

- stolen identities
- prescription shorting
- narcotics without prescriptions (backdoor sales)



# Erowid Recipe Blog

Erowid Experience Vaults: Percocet, Fioricet, Elavil & Lyrica - Knocked Out!!! - 77361 - Mozilla Firefox

File Edit View History Bookmarks Tools Help

Erowid Experience Vaults: Percocet, Fiori... +

www.erowid.org/experiences/exp.php?ID=77361

Google

## Erowid Experience Vaults

[Index](#) [Full List](#) [Search](#) [Submit](#) [Settings](#) [About](#) [Main Vaults](#)

### Help Erowid win a 2013 Health Award!

...by rating us in Great Nonprofit's "Health Nonprofits 2013" campaign.  
Spread the word that Erowid improves health. [\[Write a Review\]](#)

#### Knocked Out!!!

Percocet, Fioricet, Elavil & Lyrica  
by [webquy16](#)

Citation: webquy16. "Knocked Out!!!: experience with Percocet, Fioricet, Elavil & Lyrica (ID 77361)". [Erowid.org](#). Mar 21, 2010. erowid.org/exp/77361

DOSE:	300 mg	oral	<a href="#">Pharms - Pregabalin</a>	(pill / tablet)
	200 mg	oral	<a href="#">Pharms - Amitriptyline</a>	(pill / tablet)
	10 mg	oral	<a href="#">Pharms - Oxycodone</a>	(pill / tablet)
	1 tablet	oral	<a href="#">Acetaminophen</a>	(pill / tablet)

BODY WEIGHT:	160 lb
--------------	--------

1945-- I just took 300mg lyrica, 200mg elavil, 10mg percocet, and 1 fioricet. I also have one of those power energy shots that im thinking of taking when i get really tired. Looking back at all of that typed out makes me think that it may not have been my best idea ever, but i guess im just going to have to see where this takes me...

1950-- Already bored of waiting for the effects to kick in, i guess that i will just go smoke a bowl (marijuana) while i wait.

2000-- Starting to feel a little warm in the face and lightheaded... a little bit of tingling. Its pretty faint and not easy to describe, but it is noticeable. I have been reading some of the other experiences and I just want to mention this incase something crazy happens and i die or something, I love you mom and am so proud of my two brothers that i cant even describe it.

2011-- I find myself feeling really tingly and also really warm and fuzzy. Im spacing out alot and forgetting to keep typing, im normally a really quick typist but im finding it really really hard to focus on it at all, its now 2018 and i am still typing...

2033-- My thinking and even my movement seams really slow and sluggish, like things are delayed or something, it also feels really hard to move, like i weigh about another 100 pounds. Even my eyes seam very slow when i move them from one place to another or when i try to read. 2040 is the time right now, so it took about 7 minutes in order to type this...

Well, after that last entry i just kind of passed out, i remember seeing something out of the corner of my eyes and trying to grab for it but never actually catching it. Once i passed out i was GONE, people tried to wake me and i was completely unresponsive, they almost called 911 but decided against when they could see i was still breathing. So... yea.. i am going to do it again pretty soon probably...

Exp Year: 2008

Gender: Male

Age at time of experience: Not Given

Added: Mar 21, 2010

ID: 77361

Views: 17177





# Polypharmacy Cocktails Potentiators

- Abilify + Seroquel Snort (“jailhouse heroin”)
- Soma + Codeine (“Soma Coma”)
- Seroquel + Zyprexa + Ativan + ETOH + Cocaine
- HIV Protease Inhibitors + Percocet
- Caffeine + ETOH + Eyeball
- Promethazine/Codeine + Tampon
- ETOH + Albuterol Inhaler
- Adderall + Albuterol + Sleep deprivation
- Adderall + Lexapro + Cannabis
- Meth/Ecstasy/Viagra (Rectally)=“Royal Flush”





# *Operation Bone Crusher*

**Norman WERTHER, MD**





# CRIMINAL SCHEME

- Since approximately September 2009, the STUKES' Drug Trafficking Organization (DTO) was responsible for shuttling between 5 and 12 pseudo (fake) patients daily from Philadelphia and surrounding areas to Dr. Norman WERTHER's pain management clinic in Willow Grove, PA to obtain prescriptions for oxycodone based products like OxyContin 80 and 40 mgs, Percocet 10 mgs, and oxycodone 30 mg tablets.







# HOW MUCH MONEY ?







# ANSWER

\$2,652,913.00





# Norman WERTHER, MD

## **AGE:**

- 70 years old

## **ROLE:**

- Prescribing physician who knowingly prescribed large quantities of Oxycodone based products to pseudo (fake) patients associated with six separate drug trafficking organizations (DTO) from 2009 to Present.





# Ihsanulla MAAF a/k/a “Sean”

## **AGE:**

- 32 years old

## **•ROLE:**

- Pharmacist knowingly filling STUKES DTO Pseudo Patient prescriptions written by Dr. WERTHER.





# Angel DUPREY DTO

- **AGE:**
  - 34 years old
- **ROLE:**
  - Head of independent DTO using Dr. WERTHER, operating similarly, but independently from the STUKES DTO.

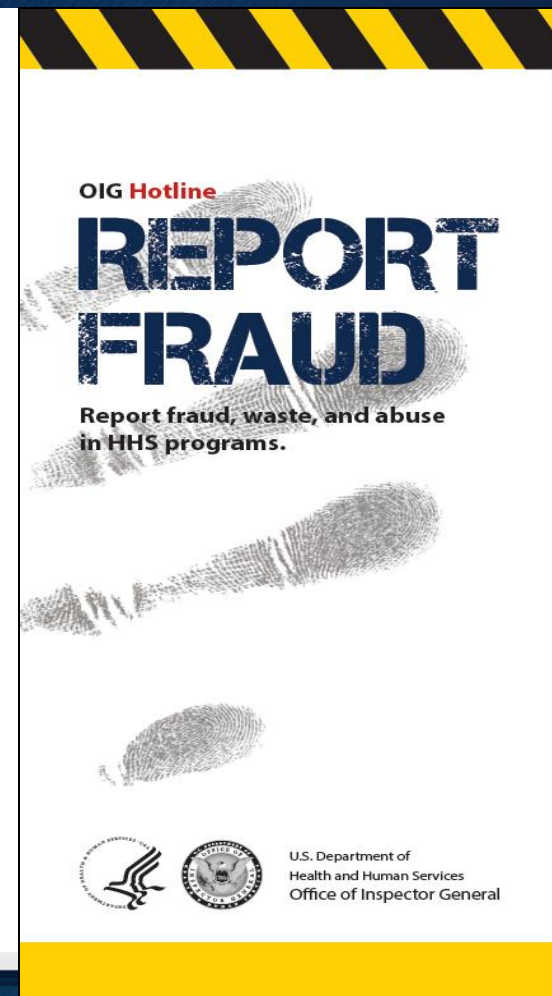






# What To Do if you Suspect Fraud or Diversion Activity?

- 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](http://oig.hhs.gov/report-fraud)





# Post-Test Discussion

- Does HHS/OIG have oversight for controlled drugs, non-controlled drugs, or both?
- Pharmacist-owner who gives a local physician two tickets to next months playoff game in exchange for sending patients to your pharmacy.
- Diversion can occur of both controlled and non-controlled drugs.





Thank You

