

DRUGS FOR DOLLARS: HOW MEDICAID HELPS FUEL THE OPIOID EPIDEMIC

A Majority Staff Report of the
Committee on Homeland Security and Governmental Affairs
United States Senate
Senator Ron Johnson, Chairman



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EXECUTIVE SUMMARY

The dramatic increase in drug overdose deaths throughout America has appropriately been labeled a national health care crisis. In 2016, the nearly 64,000 drug overdose deaths outnumbered every other cause of accidental fatalities.¹ As a result, Americans have been paying much attention to what caused this epidemic and what can be done to end it. Less attention is paid to the possibility that federal programs—namely, Medicaid—have contributed to the epidemic.

There are many causes to the opioid epidemic, making it easy to point multiple fingers of blame. Most agree that development, marketing, and medical training regarding drug usage—and the resulting over-prescription of opioids—have played a key role. In addition, drug traffickers take full advantage of America’s unsecured borders to flood heroin and fentanyl into lucrative domestic markets. Solutions directed at these problems are similarly nuanced and multifaceted.

But what if one of the contributing causes is connected to federal spending itself?

During the 2017 debate on repealing and replacing the Affordable Care Act (ACA), spending on Medicaid and Medicaid expansion took center stage. Proponents of Medicaid expansion often cited its critical role in funding treatment for drug addiction. This argument proved so effective that it became a generally accepted truth, as evidenced by a recent *New York Times* article:

Public appreciation for the program [Medicaid] has steadily increased as people come to understand its importance in the health care system, including its central role in combating the opioid epidemic.²

Yet in a February 2017 *Commentary* magazine article, Nicholas N. Eberstadt cited a study by Alan Krueger, former chairman of the President’s Council of Economic Advisors, that paints an entirely different picture of the role Medicaid has played in the opioid epidemic.³ Eberstadt argues that Medicaid actually incentivizes—perversely—opioid abuse.

¹ NAT’L CTR. FOR HEALTH STAT., NCHS DATA BRIEF NO 294: DRUG OVERDOSE DEATHS IN THE UNITED STATES, 1999-2016, CTRS. FOR DISEASE CONTROL & PREVENTION (2017), <https://www.cdc.gov/nchs/products/databriefs/db294.htm>.

² Robert Pear, *Years of Attack Leave Obamacare a More Government-Focused Health Law*, N.Y. Times (Dec. 26, 2017), <https://www.nytimes.com/2017/12/26/us/politics/republicans-trump-affordable-care-act-obamacare.html>.

³ Nicholas N. Eberstadt, *Our Miserable 21st Century*, COMMENTARY MAG. (Feb. 15, 2017), <https://www.commentarymagazine.com/articles/our-miserable-21st-century/>



This majority staff report examines those perverse incentives. It does not deny the benefits that federal spending on healthcare provides to millions of Americans. Nor does it argue that federal spending is a primary cause of overdose deaths. The purpose of this report is to simply explore and present evidence that federal spending on healthcare—primarily Medicaid, though other federal programs have facilitated illicit use and distribution of opioids—is also being used as a funding source that helps to fuel the opioid epidemic.

Medicaid was envisioned by politicians from both parties as “a small program to cover poor people’s medical bills.”⁴ Yet, what began as “something of an afterthought”⁵ has mushroomed into a massive entitlement covering an estimated 70 million people, more than one-fifth of the U.S. population.⁶ In the words of *USA Today*, “[t]he United States has become a Medicaid nation.”⁷ As Medicaid has grown, evidence has emerged that it is playing a more perverse, if unintended role: fueling and ultimately funding the opioid epidemic that is ravaging communities across the country. Now, as Congress continues to wrestle with health care reform, new data suggest that the ACA Medicaid expansion may be making the opioid epidemic even worse.

While Medicaid undoubtedly helps many deserving recipients, it also creates a series of incentives for potential abuse of opioids, which are rooted in federal law itself. Patients on Medicaid typically “pay no part of costs for covered medical expenses,” other than perhaps a small co-payment.⁸ Federal law requires that Medicaid co-payments and other “cost-sharing” borne by Medicaid recipients at lower income levels be nominal, and the Obama Administration determined that states could charge those on Medicaid no more than \$4 for certain classes of drugs.⁹ For dangerous opioids such as oxycodone, Medicaid co-pays can run as low as \$1 for as

(According to demographer Nicholas Eberstadt, the recent study indicated that “nearly half of all prime working-age male labor-force dropouts—an army now totaling roughly 7 million men—currently take pain medication on a daily basis.” Eberstadt continued: “But how did so many millions of un-working men, whose incomes are limited, manage en masse to afford a constant supply of pain medication? OxyContin is not cheap. As [the book *Dreamland: The True Tale of America’s Opiate Epidemic*] carefully explains, one main mechanism today has been the welfare state: more specifically, Medicaid . . .”).

⁴ Kate Zernike, Abby Goodnough & Pam Belluck, *In Health Bill’s Defeat, Medicaid Comes of Age*, N.Y. TIMES (Mar. 27, 2017), <https://www.nytimes.com/2017/03/27/health/medicaid-obamacare.html? r=0>.

⁵ *Id.*

⁶ CTBS. FOR MEDICARE & MEDICAID SERVS., 2016 ACTUARIAL REPORT ON THE FINANCIAL OUTLOOK FOR MEDICAID (2016), <https://www.cms.gov/Research-Statistics-Data-and-Systems/Research/ActuarialStudies/Downloads/MedicaidReport2016.pdf>.

⁷ Phil Galewitz, *This is How the U.S. Has Become a Medicaid Nation*, USA TODAY (Nov. 17, 2017), <https://www.usatoday.com/story/news/nation/2017/11/15/how-u-s-has-become-medicaid-nation/867918001/>.

⁸ U.S. DEP’T OF HEALTH & HUM. SERVS., *Frequently Asked Questions: What is the Difference Between Medicare and Medicaid?*, <https://www.hhs.gov/answers/medicare-and-medicaid/what-is-the-difference-between-medicare-medicaid/index.html> (last updated Oct. 2, 2015).

⁹ See Medicaid and Children’s Health Insurance Programs: Essential Health Benefits in Alternative Benefit Plans, Eligibility Notices, Fair Hearing and Appeal Processes, and Premiums and Cost Sharing; Exchanges: Eligibility and



many as 240 pills—pills that can be sold for up to \$4,000 on the street.¹⁰ As one longtime local prosecutor in opioid-ravaged eastern Kentucky recounted in *Dreamland: The True Tale of America’s Opiate Epidemic*: “We can talk morality all day long, but if you’re drawing five hundred dollars a month and you have a Medicaid card that allows you to get a monthly supply of pills worth several thousand dollars, you’re going to sell your pills.”¹¹

Many people are falling victim to these temptations, a trend that is potentially destructive for Medicaid recipients, who can be especially susceptible to opioid addiction and abuse.¹² In courts across the country—overwhelmingly in Medicaid expansion states—prosecutors are identifying Medicaid fraud involving opioids. This report highlights nearly 300 criminal cases involving at least 1,072 defendants in which people have been convicted or charged of abusing Medicaid to obtain or sell opioids. The criminal schemes range from simplistic—beneficiaries selling opioids obtained through Medicaid—to complex health care fraud involving Medicaid reimbursement. For example:

- Many perpetrators specifically targeted those on government assistance. In one Connecticut case, a ringleader recruited Medicaid beneficiaries to obtain nearly \$200,000 of oxycodone from pharmacies through forged prescriptions. “He preyed on a lot of low-income people with Medicaid cards,” according to a police lieutenant who helped oversee the investigation. Pharmacists “were very trusting just because it was Medicaid,” said the lieutenant, who added:

“But how did so many millions of un-working men, whose incomes are limited, manage en masse to afford a constant supply of pain medication? OxyContin is not cheap. As Dreamland carefully explains, one main mechanism today has been the welfare state: more specifically, Medicaid, Uncle Sam’s means-tested health-benefits program.”
--Nicholas N. Eberstadt, *Commentary*

- “Absolutely, Medicaid is what allowed him to make so much money.”¹³
- In addition to prosecuting Medicaid beneficiaries who help divert pills, authorities are bringing cases against everyone from drug lords who flooded major cities with

Eligibility and Enrollment; Final Rule, 78 Fed. Reg. 42159-42322 (July 15, 2013) (codified in scattered pts. of 42 C.F.R.), <https://www.gpo.gov/fdsys/pkg/FR-2013-07-15/html/2013-16271.htm>.

¹⁰ The Committee’s Majority staff interviewed a number of law enforcement officials, including a police detective from Wisconsin who is a U.S. Department of Justice task force officer focused on drug enforcement.

¹¹ SAM QUINONES, *DREAM LAND: THE TRUE TALE OF AMERICA’S OPIATE EPIDEMIC* 211 (2015).

¹² See Krista Ward, *A Nation in Pain: The Medicaid Opioid Crisis*, EXPRESS SCRIPTS (June 21, 2017), <http://lab.express-scripts.com/lab/insights/government-programs/a-nation-in-pain-the-medicaid-opioid-crisis>; see also Express Scripts, *A Nation in Pain: Focus on Medicaid* (Oct. 2016).

¹³ Telephone Interview by S. Comm. on Homeland Sec. & Governmental Aff. Maj. staff with Wallingford, Conn. Lieutenant (Nov. 16, 2017).



Medicaid-obtained opioids, to a Pennsylvania podiatrist who defrauded the program by giving pill-seekers painful toe injections.

- Defendants include nurses, pharmacists, and some of the community’s most trusted members, such as an Indiana doctor who delivered an estimated 4,000 babies.
- Some who are targeted threaten violence: a Louisiana doctor convicted of over-prescribing painkillers in a scheme to bilk Medicaid was caught on tape threatening to kill the federal agents investigating him. “They won’t even be able to have an open casket funeral,” court documents quote him as saying.

Because crime is typically under-reported and health care fraud is often not prosecuted, the court cases highlighted are likely only a small fraction of the true number of schemes to defraud Medicaid for opioids. Nonetheless, the cases show the broader Medicaid-opioid connection, a relationship that pre-dates the Medicaid expansion. “Much has been written about the opioid epidemic in America and its devastating effects on families and communities,” wrote the Medicaid and CHIP Payment and Access Commission (MACPAC), which provides data and policy recommendations to Congress. “In many ways, Medicaid is at its center.”¹⁴

Medicaid is not the only federal program creating perverse incentives—and serving as a funding source—for obtaining and illicitly distributing opioids. Majority staff found hundreds of examples of opioid-related fraud in the Medicare program, and additional fraud schemes in connection with Veterans Affairs benefits and the food stamp program. The research suggests, however, that Medicaid is the federal program most prone to abuse, and the primary government funding source for the epidemic.

This report is not meant to suggest that Medicaid, or any other federal program, is the only factor contributing to the opioid epidemic. But if Medicaid is helping to drive the epidemic, it stands to reason that expanding the program—particularly to people most susceptible to abuse—could worsen the problem. The epidemic has indeed spiraled into a national crisis since the Obamacare Medicaid expansion took effect in 2014. Drug overdose deaths have risen rapidly, at a much faster pace than before expansion.¹⁵ An astonishing 97.5 million Americans age 12 and over now use prescription pain relievers.¹⁶

¹⁴ MEDICAID & CHIP PAYMENT ACCESS COMM’N, REPORT TO CONGRESS ON MEDICAID AND CHIP: CHAPTER 2: MEDICAID AND THE OPIOID EPIDEMIC (2017), <https://www.macpac.gov/wp-content/uploads/2017/06/Medicaid-and-the-Opioid-Epidemic.pdf>.

¹⁵ Josh Katz, *Drug Deaths in America Are Rising Faster Than Ever*, N.Y. TIMES (June 5, 2017), <https://www.nytimes.com/interactive/2017/06/05/upshot/opioid-epidemic-drug-overdose-deaths-are-rising-faster-than-ever.html>.

¹⁶ Arthur Hughes, et al., *Prescription Drug Use and Misuse in the United States: Results from the 2015 National Survey on Drug Use and Health*, SUBSTANCE ABUSE & MENTAL HEALTH SERVS. ADMIN. NAT’L SURV. ON DRUG



In Kentucky, for instance, “the expansion of Medicaid through the Affordable Care Act increased the percentage of Clay County residents with Medicaid and gave more of them access to free prescription drugs, including pain pills.”¹⁷ With about 60 percent of county residents now on Medicaid—up from 35 percent in just three years—use of oxycodone has risen while the waiting list for the local inpatient drug treatment facility has grown more than 50 percent.¹⁸ Although not indicative of causation, this and other recent evidence suggests, at a minimum, a correlation between Medicaid expansion and opioid abuse.

Perhaps Sam Adolphsen, a former Maine Department of Health and Human Services official, said it best. “As 15 million able-bodied adults were added to Medicaid through Obamacare, the drug problem only grew worse,” he wrote. “As legislators debate the specifics of repealing and replacing Obamacare, they should resist the feel-good talking point that Medicaid is a silver bullet for solving the opioid epidemic. In reality, Medicaid may be fueling the problem and may be largely responsible for starting the epidemic in the first place.”¹⁹

USE & HEALTH (Sept. 2016), <https://www.samhsa.gov/data/sites/default/files/NSDUH-FFR2-2015/NSDUH-FFR2-2015.htm>.

¹⁷ Phil Galewitz, *Pharmacies Thrive Selling Opioids for Depressed Small Town Pain*, KAISER HEALTH NEWS (Feb. 8, 2017), <https://khn.org/news/pharmacies-thrive-selling-opioids-for-depressed-small-town-pain/> (Kaiser Health News is a non-partisan news service that covers health care and is considered highly credible).

¹⁸ *Id.*

¹⁹ Sam Adolphsen, *Has Medicaid Made the Opioid Epidemic Worse?*, NAT’L REV. (July 5, 2017), <http://www.nationalreview.com/article/449171/medicaids-opioid-problem-has-it-made-epidemic-worse>.



Majority Staff Report
Committee on Homeland Security and Governmental Affairs
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FINDINGS

Under the direction of Senator Ron Johnson, Chairman of the Senate Committee on Homeland Security and Governmental Affairs, majority committee staff searched open-source databases for examples of individuals prosecuted for selling opioids obtained using Medicaid cards. In just four days, searches identified 261 people convicted nationwide of exploiting Medicaid cards to obtain opioids, which were often resold at enormous profit. In July 2017, Chairman Johnson reported these findings and other data suggesting a correlation between Medicaid and opioid overdoses to the Department of Health and Human Services Office of Inspector General.²⁰ The inspector general is now examining the matter.²¹

This majority staff report is the product of a more thorough review of court cases and other data conducted after Chairman Johnson's letter to the inspector general. This inquiry found:

- Medicaid has contributed to the nation's opioid epidemic by establishing a series of incentives that make it enormously profitable to abuse and sell dangerous drugs.
- Growing evidence indicates that the Medicaid expansion, by providing prescription opioids to a wider pool of people, may be worsening the epidemic.
- At least 1,072 people have been convicted or charged nationwide since 2010 for improperly using Medicaid to obtain prescription opioids, some of which were then resold on the nation's streets. The number of criminal defendants increased 18 percent in the four years after Medicaid expanded, 2014-2017, compared to the four years prior to Medicaid expansion.
- The criminal activities range from beneficiaries simply selling opioids they obtained through the Medicaid program to more attenuated health care fraud involving Medicaid reimbursement.
- The cases reflect massive frauds and bizarre twists, from a \$1 billion scheme to defraud Medicaid and Medicare involving numerous health care providers, to a New York doctor and oxycodone distributor who blamed her actions on an alternative personality named "Nala."

²⁰ See Letter from Ron Johnson, Chairman, S. Comm. on Homeland Sec. & Governmental Aff., to Daniel R. Levinson, Inspector Gen., U.S. Dep't of Health & Hum. Servs. (July 27, 2017) (on file with S. Comm. on Homeland Sec. & Governmental Aff.).

²¹ Telephone Interview by S. Comm. on Homeland Sec. & Governmental Aff. Majority staff with U.S. Dep't of Health & Hum. Servs. Off. of Inspector Gen. (Oct. 16, 2017).



- Prosecutors are increasingly targeting suboxone—a drug that treats opioid addiction but itself can be addictive—meaning that the epidemic has reached the point where people are defrauding Medicaid using the very drugs designed to help the victims.
- The case numbers are a conservative estimate, because evidence shows crime is under-reported;²² health care fraud in particular is rarely detected, including by government agencies;²³ most health care fraud investigations never lead to prosecutions;²⁴ and Medicaid anti-fraud efforts have fallen short.²⁵
- More than 80 percent of the 298 separate Medicaid-opioids cases identified were filed in Medicaid expansion states, led by New York, Michigan, Louisiana, New Jersey, and Ohio. The number of criminal cases increased 55 percent in the first four years after Medicaid expansion, from 2014 to 2017, compared to the four-year period before expansion.
- Other preliminary data suggests a connection between Medicaid expansion and opioid abuse. Drug overdose deaths per one million people are rising nearly twice as fast in expansion states as non-expansion states,²⁶ while opioid-related hospital stays paid for by Medicaid massively spiked after expansion.²⁷

²² See Jennifer L. Truman & Rachel E. Morgan, *Criminal Victimization, 2015*, U.S. DEP'T OF JUST. BUREAU OF JUST. STAT., (Oct. 2016), <https://www.bjs.gov/content/pub/pdf/cv15.pdf>.

²³ Paul Jesilow & Bryan Burton, *Detecting Healthcare Fraud and Abuse in the United States*, OXFORD RES. ENCYCLOPEDIA OF CRIMINOLOGY (Sept. 2017),

<http://criminology.oxfordre.com/view/10.1093/acrefore/9780190264079.001.0001/acrefore-9780190264079-e-275>.

²⁴ See U.S. GOV'T ACCOUNTABILITY OFFICE, GAO-16-216, HEALTH CARE FRAUD: INFORMATION ON MOST COMMON SCHEMES AND THE LIKELY EFFECT OF SMART CARDS (2016), <https://www.gao.gov/assets/680/674771.pdf>.

²⁵ LEXISNEXIS, *Bending the Cost Curve: Analytics-Driven Enterprise Fraud Control*, (LexisNexis Health Care White Paper, Apr. 2011), <http://lexisnexis.com/risk/downloads/idm/bending-the-cost-curve-analytic-driven-enterprise-fraud-control.pdf>.

²⁶ See Letter from Sen. Ron Johnson to Daniel R. Levinson, *supra* note 20 (Chairman Johnson obtained internal data compiled by HHS showing drug overdose death rates in expansion versus non-expansion states between 2013 and 2015).

²⁷ Healthcare Cost & Utilization Project, *Opioid-Related Hospital Use*, AGENCY FOR HEALTHCARE RES. & QUALITY, <https://www.hcup-us.ahrq.gov/faststats/OpioidUseServlet?location1=US&characteristic1=06&setting1=IP&location2=&characteristic2=06&setting2=IP&expansionInfoState=hide&dataTablesState=hide&definitionsState=hide&exportState=hide> (last modified Dec. 13, 2017) (Healthcare Cost and Utilization Project Fast Stats – Opioid-Related Hospital Use interactive database).



- Medicaid spending to treat victims is escalating, especially in expansion states. Spending on a single opioid overdose medication, for example, increased an astonishing 90,205 percent between 2011 and 2016, with costs rising “most notably after 2014.”²⁸
- Other federal programs are also being exploited to obtain or sell opioids. In preliminary research, majority staff found 243 instances in recent years of opioid-related Medicare fraud. In November 2017 alone, the Department of Veterans Affairs had 60 ongoing criminal investigations concerning diversion of opioids.²⁹ Majority staff also found instances of opioid-related fraud in the food stamp program involving dangerous drugs such as oxycodone, vicodin, hydrocodone, and morphine.

²⁸ Lisa Clemans-Cope, et al., *Rapid Growth in Medicaid Spending on Medications to Treat Opioid Use Disorder and Overdose*, URB. INST. (June 2017), <https://www.urban.org/research/publication/rapid-growth-medicaid-spending-medications-treat-opioid-use-disorder-and-overdose>.

²⁹ Correspondence between U.S. Dep’t of Veterans Aff. Off. of Inspector Gen. and Maj. Staff, S. Comm. on Homeland Sec. & Governmental Aff. (Nov. 9, 2017).



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MEDICAID AND OPIOIDS: A BRIEF HISTORY

Opioids are a class of drugs that range from pain relievers available legally by prescription—such as oxycodone, hydrocodone and codeine—to illegal narcotics such as heroin. According to MACPAC, “the origins of widespread prescription opioid use can be traced back to the 1990s.”³⁰ That is when the medical profession began using pain as a so-called fifth vital sign, and drug manufacturers heightened their marketing campaigns. Deaths from prescription opioid overdoses quadrupled from 1999 to 2011,³¹ as did opioid prescriptions, even though pain levels reported by Americans had not changed.³² By 2013, drug overdoses were the nation’s leading cause of deaths from injury, prompting Eberstadt to write: “The opioid epidemic . . . that has been ravaging and shortening lives from coast to coast is a new plague for our new century.”³³

At the same time, Medicaid—barely even noticed when signed into law the same day as Medicare in 1965—had exploded from its modest beginnings into what *The New York Times* recently called “a behemoth.”³⁴ By 2013, as the federal government and some states ramped up to expand the program even more, “over one-fifth (21 percent) of *all* civilian men between 25 and 55 years of age were Medicaid beneficiaries. For prime-age people not in the labor force, the share was over half (53 percent).”³⁵ As Medicaid grew, it along with other government health care programs became “among the biggest suppliers of prescription painkillers.”³⁶ For Medicaid patients especially, doctors did not hesitate to pick up their pens: studies cited by the Centers for Disease Control and Prevention (CDC) “indicate that opioid prescribing rates among Medicaid enrollees are at least twofold higher than rates for persons with private insurance.”³⁷ According to another study by Express Scripts, a large prescription benefit plan, the top opioid pain medications dispensed for Medicaid members include several of the most potentially deadly: Hydrocodone-Acetaminophen; Oxycodone-Acetaminophen, and Oxycodone. The study, entitled “A Nation in Pain: Focus on Medicaid,” concluded that the opioid epidemic has harmed

³⁰ MEDICAID & CHIP PAYMENT ACCESS COMM’N, *supra* note 14.

³¹ CTRS. FOR MEDICARE & MEDICAID SERVS., CMCS INFORMATIONAL BULLETIN: BEST PRACTICES FOR ADDRESSING PRESCRIPTION OPIOID OVERDOSES, MISUSE AND ADDICTION (Jan. 28, 2016), <https://www.medicaid.gov/federal-policy-guidance/downloads/CIB-02-02-16.pdf>.

³² CTRS. FOR MEDICARE & MEDICAID SERVS., CENTERS FOR MEDICARE & MEDICAID SERVICES (CMS) OPIOID MISUSE STRATEGY 2016 (Jan. 5, 2017), <https://www.cms.gov/Outreach-and-Education/Outreach/Partnerships/Downloads/CMS-Opioid-Misuse-Strategy-2016.pdf>.

³³ Eberstadt, *supra* note 3.

³⁴ Zernike, Goodnough & Belluck, *supra* note 4.

³⁵ Eberstadt, *supra* note 3.

³⁶ Allysia Finley, *Does Medicaid Spur Opioid Abuse?*, WALL ST. J. (Sept. 24, 2017), <https://www.wsj.com/articles/does-medicaid-spur-opioid-abuse-1506289279>.

³⁷ CTRS. FOR DISEASE CONTROL & PREVENTION, OVERDOSE DEATHS INVOLVING PRESCRIPTION OPIOIDS AMONG MEDICAID ENROLLEES – WASHINGTON, 2004-2007 (OCT. 30, 2009), <https://www.cdc.gov/mmwr/preview/mmwrhtml/mm5842a1.htm>.



Americans of all ages and socioeconomic backgrounds, but has especially affected Medicaid beneficiaries.³⁸

“Once a pharmacist was found, another problem presented itself: how to pay for the prescription. The price of each patient’s prescribed drugs was between eight and twelve hundred dollars . . . for junkies, and even for dealers with more discipline, coming up with that kind of money was hard. And so the Medicaid card entered our story.”

—Sam Quinones, *Dreamland*

When Medicaid recipients fill opioid prescriptions, many find that the dangerous drugs are available to them virtually free of charge. Under Medicaid, states may charge out-of-pocket costs, such as co-payments, for prescription drugs and other medical services, known as “cost-sharing.”³⁹ Federal law requires that such cost-sharing be limited to a nominal amount for Medicaid recipients at lower income levels.⁴⁰ In July 2013, the Centers for Medicare & Medicaid Services (CMS), which oversees Medicaid, issued a regulation defining nominal cost-sharing for “preferred drugs” as “no more than \$4,” and cost-sharing of no more than \$8 for non-preferred drugs. Even in limiting the out-of-pocket costs to Medicaid recipients, CMS voiced concern that any costs to beneficiaries could affect their access to care.⁴¹ Today, four years into Medicaid expansion, while a majority of states charge Medicaid patients some degree of cost-sharing for prescription drugs, a significant number do not. According to 2017 data compiled by the Kaiser Family Foundation, adults on Medicaid are entitled to free prescription drugs in 12 states.⁴²

With people on Medicaid getting more—and more dangerous—opioids so cheaply, tragic outcomes followed. Studies show that Medicaid patients misuse opiates at a significantly higher level than those with private insurance, and are at a much higher risk of dying. Express Scripts put the disparity in stark terms: Medicaid recipients are 10 times more likely to suffer from addiction and substance abuse than the general population. Nearly one quarter of people on

³⁸ Ward, *supra* note 12.

³⁹ Ctrs. for Medicare & Medicaid Servs., *Medicaid Cost Sharing*, MEDICAID.GOV, <https://www.medicaid.gov/medicaid/cost-sharing/index.html> (last visited Jan. 12, 2018).

⁴⁰ Medicaid and Children’s Health Insurance Programs: Essential Health Benefits in Alternative Benefit Plans, Eligibility Notices, Fair Hearing and Appeal Processes, and Premiums and Cost Sharing; Exchanges: Eligibility and Enrollment: Final Rule, 78 Fed. Reg. 42159-42322 (July 15, 2013), <https://www.gpo.gov/fdsys/pkg/FR-2013-07-15/html/2013-16271.htm> (Response to Comment in Federal Register) (codified in scattered pts. of 42 C.F.R.).

⁴¹ *Id.* (“We agree that a patient’s ability to pay cost sharing imposed for a service can affect a patient’s access to care and that low-income patients are particularly sensitive to such costs.”).

⁴² Tricia Brooks, et al., *Medicaid and CHIP Eligibility, Enrollment, Renewal, and Cost Sharing Policies as of January 2017: Findings from a 50-State Survey*, KAISER FAM. FOUND. (Jan. 12, 2017), <https://www.kff.org/report-section/medicaid-and-chip-eligibility-enrollment-renewal-and-cost-sharing-policies-as-of-january-2017-premiums-and-cost-sharing/>



Medicaid have filled an opioid prescription, the study noted, with beneficiaries often going “to great lengths, sometimes traveling across states, to find prescribers willing to write excessive opiate scripts.”⁴³ In 2016, the Obama Administration’s CMS reported that beneficiaries are at three-to-six times greater risk of overdosing from prescription painkillers than non-Medicaid patients. “Research shows the opioid epidemic has a disproportionate impact on Medicaid beneficiaries,” CMS concluded.⁴⁴

“The rise of these [federal government disability] programs has coincided with the death of work for larger and larger numbers of American men not yet of retirement age. We cannot say that these programs caused the death of work for millions upon millions of younger men: What is incontrovertible, however, is that they have financed it—just as Medicaid inadvertently helped finance America’s immense and increasing appetite for opioids in our new century.”

—Nicholas N. Eberstadt, *Commentary*

Even as Medicaid provided incentives to misuse opioids, it also enabled people to profit. With beneficiaries holding “a ‘free’ plastic card loaded with unlimited government funds that often increases access to opioids,”⁴⁵ everyone from doctors to nurses to pharmacists and violent drug lords took advantage. While many Medicaid patients hooked on opioids turned to the well-intended treatment the program offers, others found that the path to ease their pain lay right inside their wallets. In the article for *Commentary*, Eberstadt quoted *Dreamland* author Quinones as laying out the incentives for financial gain through the eyes of opioid-ravaged Portsmouth, Ohio:

[The Medicaid card] pays for medicine—whatever pills a doctor deems that the insured patient needs. . . . Medicaid health-insurance cards paid for that prescription every month. For a three-dollar Medicaid co-pay, therefore, addicts got pills priced at thousands of dollars, with the difference paid for by U.S. and state taxpayers. A user could turn around and sell those pills, obtained for that three-dollar co-pay, for as much as ten thousand dollars on the street.⁴⁶

Few would dispute that Medicaid is run and supported by people with good intentions and that the program helps many of the nation’s least fortunate. This report is not meant to suggest that Medicaid is the only factor contributing to the opioid epidemic, nor that everyone on Medicaid responds to its opioid-related incentives in the same ways.

⁴³ Ward, *supra* note 12.

⁴⁴ CTRS. FOR MEDICARE & MEDICAID SERVS., *supra* note 31.

⁴⁵ Adolphsen, *supra* note 19.

⁴⁶ Eberstadt, *supra* note 3.



Yet the evidence is overwhelming that those incentives remain embedded in the very structure of the Medicaid program itself. More than half a century after Medicaid began, despite the program’s benefits, what is now the nation’s largest health insurer has also helped cause one of the nation’s deadliest health crises.⁴⁷ In the words of Eberstadt: “Medicaid inadvertently helped finance America’s immense and increasing appetite for opioids in our new century.”⁴⁸

⁴⁷ *Medicaid Pocket Primer*, KAISER FAM. FOUND., <https://www.kff.org/medicaid/fact-sheet/medicaid-pocket-primer/> (updated June 9, 2017).

⁴⁸ Eberstadt, *supra* note 3.



THE MEDICAID EXPANSION

In 2010, the Affordable Care Act expanded Medicaid eligibility to include adults under 65 with incomes up to 133 percent of the federal poverty level. The expansion took effect on January 1, 2014, in most states adopting it. Overall drug overdose deaths, largely from opioids, rose seven percent in 2014, compared to six percent the year before, according to CDC data.⁴⁹ In 2015, the CDC reported, overdose deaths spiked 11.4 percent. Last year, in 2016, CDC data show a staggering rise of 21 percent—the largest one-year increase in U.S. history. The surge in deaths even fueled a two-year decline in U.S. life expectancy, a first since the early 1960s.⁵⁰ Of the 63,632 total drug overdose deaths in 2016, more than 42,000 were from opioids, a 28 percent increase in opioid-related deaths in a single year. A surge in deaths from fentanyl and other synthetic opioids was the primary cause, but deaths from prescription painkillers such as oxycodone and hydrocodone also spiked 14 percent over 2015. “It’s even worse than it looks,” Keith Humphreys, an addiction specialist at Stanford University, told *The Washington Post*. With official figures likely under-counting the actual number of opioid deaths by 20 percent or more, Humphreys said, “the opioid epidemic alone is deadlier than the AIDS epidemic at its peak.”⁵¹

Hardest hit have been Medicaid expansion states. Internal data from the Department of Health and Human Services (HHS) comparing expansion and non-expansion states show drug overdose deaths rose nearly twice as fast per one million people in expansion states between 2013 and 2015. In 2015, according to CDC figures, the five states with the highest rate of overdose deaths were all expansion states: West Virginia; New Hampshire; Kentucky; Ohio and Rhode Island. As the CDC points out: “Opioids—prescription and illicit—are the main driver of drug overdose deaths.”⁵²

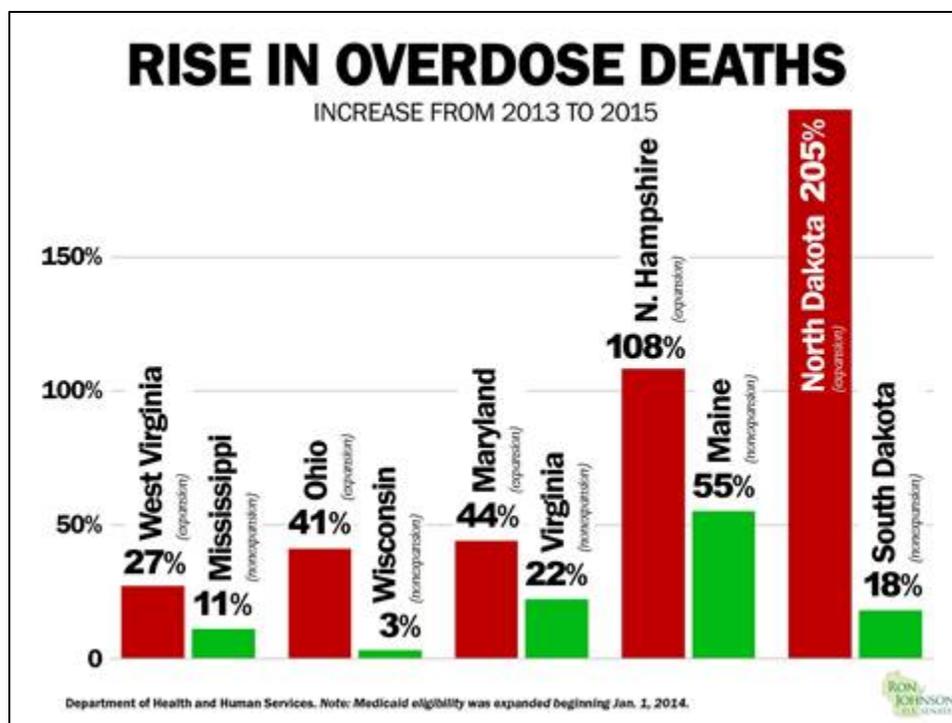
⁴⁹ Ctrs. for Disease Control & Prevention, *Web-based Injury Statistics Query and Reporting System*, <https://www.cdc.gov/injury/wisqars/index.html> (last visited Jan. 12, 2018) (drug overdose data was obtained by searching this interactive CDC database).

⁵⁰ Lenny Bernstein & Christopher Ingraham, *Fueled by drug crisis, U.S. life expectancy declines for a second straight year*, WASH. POST (Dec. 21, 2017).

⁵¹ Christopher Ingraham, *CDC Releases Grim New Opioid Overdose Figures: ‘We’re Talking About More Than An Exponential Increase’*, WASH. POST: WONKBLOG (Dec. 21, 2017), https://www.washingtonpost.com/news/wonk/wp/2017/12/21/cdc-releases-grim-new-opioid-overdose-figures-were-talking-about-more-than-an-exponential-increase/?utm_term=.6b5320eee250.

⁵² Ctrs. for Disease Control & Prevention, *Drug Overdose Death Data*, <https://www.cdc.gov/drugoverdose/data/statedeaths.html> (last updated Dec. 19, 2017).



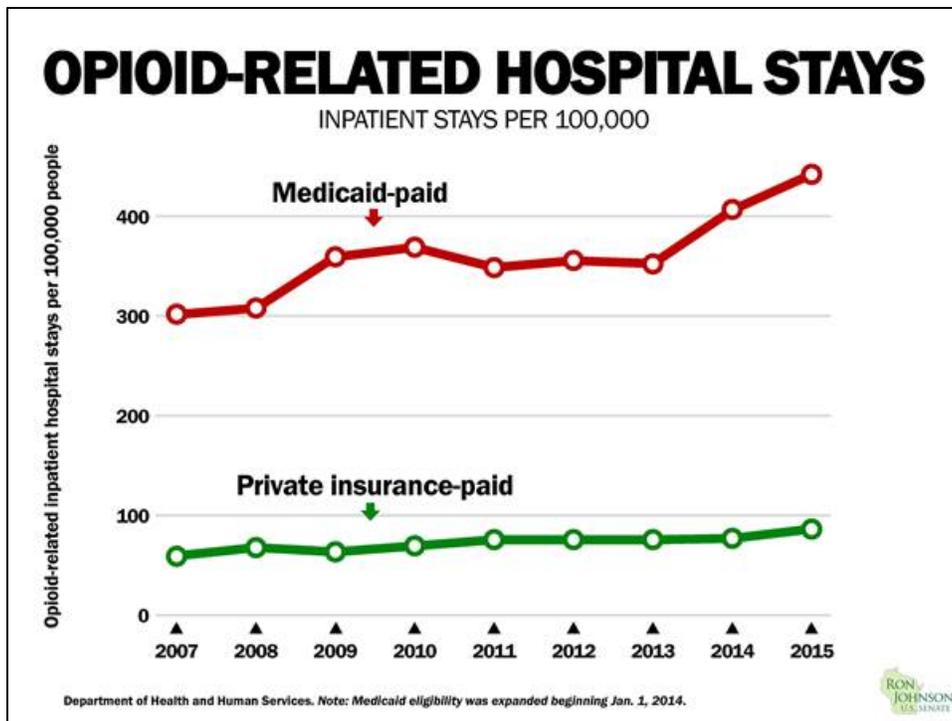


States that expanded Medicaid have also taken the brunt of a large spike in post-expansion hospital visits, funded by federal and state taxpayers. Opioid-related inpatient hospital stays paid for by Medicaid jumped 37 percent in the fourth quarter of 2014, compared to the fourth quarter of 2013, according to HHS data. That figure compares to a six percent increase in opioid-related hospital stays funded by private insurance during the same period.⁵³ In the fourth quarter of 2015, opioid-related hospital stays paid for by Medicaid jumped another 16 percent over the same period from the year before. HHS also ranked by state the rate per 100,000 people of opioid-related inpatient hospital stays in 2014, the last year for which data is available. Each of the top ten jurisdictions—Maryland; Massachusetts; Washington, D.C; Rhode Island; New York; West Virginia; Connecticut; Washington; Oregon and Illinois—expanded Medicaid. All of them far exceeded the national rate of hospital stays caused by opioids of 224.6 per 100,000 people.⁵⁴

⁵³ Healthcare Cost & Utilization Project, *supra* note 27.

⁵⁴ Healthcare Cost & Utilization Project, *Statistical Brief #219*, AGENCY FOR HEALTHCARE RES. & QUALITY, <https://www.hcup-us.ahrq.gov/faststats/OpioidUseServlet?location1=US&characteristic1=06&setting1=IP&location2=&characteristic2=06&setting2=IP&expansionInfoState=hide&dataTablesState=hide&definitionsState=hide&exportState=hide> (updated Jan. 2017).





In response to the deluge of victims, Medicaid spending is escalating, especially in expansion states. In Kentucky, for example, Medicaid payments for substance abuse treatment for people newly enrolled under Obamacare soared 700 percent between the first quarter of 2014 and the second quarter of 2016.⁵⁵ Nationwide, spending on Medicaid-covered prescriptions to treat opioid addiction and overdoses has increased dramatically in recent years, “most notably after 2014,” another recent study found.⁵⁶ Medicaid spending on naloxone, a federally approved medication to treat opioid overdoses, skyrocketed 90,205 percent between 2011 and 2016. The increase is especially pronounced in Medicaid expansion states, where Medicaid payments for “specialty treatment” for substance use disorder “largely related to opioids” have increased 75 percent “in expanding states relative to non-expanding states, post expansion.”⁵⁷

⁵⁵ MEDICAID & CHIP PAYMENT ACCESS COMM’N, *supra* note 14.

⁵⁶ Lisa Clemans-Cope, et al., *supra* note 28.

⁵⁷ Johanna Catherine Maclean & Brendan Saloner, *The Effect of Public Insurance Expansions on Substance Use Disorder Treatment: Evidence From the Affordable Care Act* (Nat’l Bureau of Econ. Res. Working Paper Series, Paper No. 23342), <http://www.nber.org/papers/w23342.pdf>.



MEDICAID, OPIOIDS, AND THE LEGAL SYSTEM

The human tragedy of the opioid epidemic is playing out in courtrooms across the nation, as prosecutors have increasingly focused on health care fraud. The crackdown reflects the conclusions of the U.S. Government Accountability Office, which in 2015 found potential prescription-drug fraud and abuse among thousands of Medicaid beneficiaries and hundreds of prescribers in four states.⁵⁸

To better document the role of Medicaid in the opioid crisis, majority staff compiled information from court cases involving improper use of Medicaid to obtain or sell opioids. Searches of open-source databases from 2010 to 2017—four years before Medicaid expansion and four years after—resulted in several hundred cases.⁵⁹ During that period, the searches show, at least 1,072 people were convicted or charged nationwide with exploiting Medicaid to obtain or sell prescription opioids. The cases—nearly 300 in all—were filed in federal, state, and local courthouses, with specific charges ranging from Medicaid fraud to drug trafficking. Eighty-five percent of the cases were in Medicaid expansion states. Prosecutors brought 117 criminal cases in the four years before the expansion took effect in 2014. In the four years since expansion, at least 181 cases have been filed—a 55 percent increase. The number of criminal defendants increased 18 percent in the four years after Medicaid expanded, compared to the four years prior to Medicaid expansion.

Even this much activity in our courts is just the tip of the proverbial iceberg and likely represents only a fraction of the actual amount of Medicaid fraud involving opioids. Government reports and studies show that all crime is generally under-reported, while healthcare fraud in particular “is rarely detected.”⁶⁰ Even when law enforcement finds enough evidence to investigate, only a small number of cases result in prosecution.⁶¹ Efforts to fight Medicaid fraud have been hampered by limited law enforcement budgets and the complexity of some cases. Last year, the head of the Department of Justice Criminal Division suggested that the government is

⁵⁸ U.S. GOV'T ACCOUNTABILITY OFF., GAO-15-390, MEDICAID: ADDITIONAL REPORTING MAY HELP CMS OVERSEE PRESCRIPTION-DRUG FRAUD CONTROLS (2015), <http://www.gao.gov/assets/680/671241.pdf>.

⁵⁹ The searches were conducted in Lexis Advance and PACER, the federal court database, and yielded press releases from law enforcement agencies, news articles, and court documents. Search terms included the words Medicaid; charge; and specific prescription opioids or commonly used brand names, such as oxycodone, OxyContin, hydrocodone, Percocet, codeine and suboxone. In some instances, committee staff followed up with phone calls to prosecutors' offices to solidify case details. Cases were counted if they met the criteria—Medicaid fraud involving opioids. The searches were thorough; however, they were not scientific or comprehensive, and are intended to represent only a sampling.

⁶⁰ Jesilow & Burton, *supra* note 23.

⁶¹ U.S. GOV'T ACCOUNTABILITY OFF., GAO-12-820, HEALTH CARE FRAUD: TYPES OF PROVIDERS INVOLVED IN MEDICARE, MEDICAID, AND THE CHILDREN'S HEALTH INSURANCE PROGRAM CASES (2012), <http://www.gao.gov/assets/650/647849.pdf>; see also U.S. GOV'T ACCOUNTABILITY OFFICE, *supra* note 24 at 3 n.6, 6 n.14.



still unaware of the extent of Medicaid fraud, 53 years after the program was signed into law. “One can only imagine that significant fraud exists in other government health care programs, such as Medicaid . . . it’s troubling as a prosecutor and as a taxpayer,” then-Assistant Attorney General Leslie R. Caldwell, told a health care trade group.⁶²

Despite the limitations, the searches reveal a compelling universe of cases that show the depth and depravity of the Medicaid-opioids connection. The tales of prosecutors, agents and judges fighting to safeguard the nation’s streets illustrate that the opioid epidemic is indeed raging across America—and that Medicaid is assisting it in a variety of ways. There appears to be no limit to the types of schemes used to scam the Medicaid program, from large drug rings that employ beneficiaries as “runners” to fill oxycodone prescriptions, to nurses working the night shift who steal hydrocodone pills from patients. Illicit painkillers obtained with Medicaid cards are being resold at handsome profits nationwide, in places ranging from the streets of Milwaukee to a Native American reservation in upstate New York.

These criminal enterprises are creating a new class of drug dealers, who profit from pills that are otherwise legal and at the federal government’s expense. The taxpayer-funded wealth can be staggering: one New York physician and accused trafficker lives in a mansion known as “The House that Oxycodone Built.” Another owner of dozens of skilled nursing facilities, charged with orchestrating a \$1 billion scheme to defraud Medicaid (and Medicare), drove a \$1.6 million Ferrari. Some cases test the limits of the bizarre. In Georgia, a woman allegedly impersonated her twin sister to get Medicaid-funded oxycodone.

Even legitimate methods to treat opioid addiction are falling victim to the temptation to send Medicaid the bill. An increasing number of recent prosecutions have targeted the illicit use of suboxone, which is used to help addicts but can also get them re-hooked. In one Kentucky case, the owner of a suboxone clinic is accused of improperly prescribing medication and defrauding Medicaid, prompting the state’s attorney general to decry how “wrongful prescribing of suboxone is flooding our communities with yet another drug that is killing our children.” All of these varied criminal cases highlight the human toll of an epidemic that has captured the nation’s attention, such as the recent guilty plea of an Ohio doctor and his wife for running a pill mill that distributed Medicaid-funded oxycodone. Seven patients died from the illicit prescriptions. New York attorney general Eric T. Schneiderman captured the urgency of both the opioid crisis and its connection to Medicaid as he in 2016 announced the indictment of a suboxone clinic owner accused of defrauding Medicaid. “The opioid epidemic should not serve

⁶² Press Release, U.S. Dep’t of Just., Assistant Attorney General Leslie R. Caldwell Speaks at Health Care Compliance Association’s 20th Annual Compliance Institute (Apr. 18, 2016), <https://www.justice.gov/opa/speech/assistant-attorney-general-leslie-r-caldwell-speaks-health-care-compliance-association-s>.



as an excuse for unscrupulous individuals to illegally line their own pockets,” he said. “Medicaid is intended to protect some of our most vulnerable citizens.”⁶³

⁶³ Press Release, N.Y. Att’y Gen. Off., Schneiderman Announces Indictment And Arraignment of Clinic Operator For Allegedly Defrauding Medicaid By Offering Bogus Substance Abuse Treatment (Nov. 29, 2016), <https://ag.ny.gov/press-release/ag-schneiderman-announces-indictment-and-arraignment-clinic-operator-allegedly>.



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CASE STUDIES

Case Study 1: Drug Dealer “Would Solicit People with Medicaid Cards” to Fill Prescriptions for Opioids

Key Facts

- Ramphis Pacheco ran a drug ring near New Haven, Connecticut that distributed more than 6,000 oxycodone pills, valued on the street at \$185,400.⁶⁴
- Pacheco deliberately targeted Medicaid recipients to act as “runners” and fill the illicit prescriptions using their Medicaid cards in exchange for cash.⁶⁵
- Police said Pacheco “preyed on” these Medicaid beneficiaries and that numerous pharmacies did not question the phony prescriptions “because of the mere fact that [the beneficiaries had] Medicaid.”⁶⁶

Background

According to narcotics detectives in Wallingford, Connecticut, Ramphis Pacheco “was the brains behind the [drug] ring” that operated from May through October 2014.⁶⁷ Pacheco took advantage of the unique status of prescription opioids, which can be obtained legally and then resold on the street. Using this business model that targeted Medicaid beneficiaries to purchase opioids for resale, Pacheco experienced high profits—until a call from a suspicious Rite Aid employee eventually tipped off the police.⁶⁸ After a six-month investigation,⁶⁹ the probe culminated in Pacheco’s arrest in 2015, as well as charges against 11 other defendants who served as his accomplices.⁷⁰

The Scheme

According to one detective involved in the case, Pacheco recruited and “preyed on” Medicaid beneficiaries, people who were “down on their luck” and had incentives to earn extra money by using their Medicaid cards to obtain opioids.⁷¹ Law enforcement officials described

⁶⁴ Lauren Sievert, *Police Identify 11 Charged In Prescription Drug Probe*, REC.-J., Feb. 19, 2015, at A03.

⁶⁵ Telephone Interview with Wallingford, Conn. Detective, *supra* note 13.

⁶⁶ *Id.*

⁶⁷ CBS CONN., *Man Charged with Moving Illegal Pills*, <http://connecticut.cbslocal.com/2015/02/17/man-charged-with-moving-illegal-pills/> (last updated Feb. 17, 2015).

⁶⁸ Telephone Interview with Wallingford, Conn. Detective, *supra* note 13.

⁶⁹ See Doug Stewart, *Meriden Man Ran Prescription Drug Ring, Victimized at Least 4 Doctors: Police*, FOX61 NEWS (Feb. 17, 2015), <http://fox61.com/2015/02/17/meriden-man-accused-in-prescription-drug-fraud-operation/>.

⁷⁰ Sievert, *supra* note 64; see also CBS CONN., *supra* note 67.

⁷¹ Telephone Interview with Wallingford, Conn. Detective, *supra* note 13.



how “Pacheco would recruit people in need of money,”⁷² and would “solicit[] people” with Medicaid cards.⁷³ Pacheco paid these individuals small accounts of money to obtain opioid prescriptions from multiple doctors and give him the pills, which Pacheco would then resell on the street.⁷⁴

Not only did some Medicaid beneficiaries have a strong incentive to work with Pacheco, but they turned out to be ideal accomplices: They could fill prescriptions for oxycodone without drawing attention from pharmacies. When beneficiaries entered pharmacies “with their Medicaid cards and [driver’s] licenses,” they could get opioids because they “were really who they said they were,”⁷⁵ one detective said. According to law enforcement, the trust that pharmacists placed in these beneficiaries “was based on the program itself . . . Medicaid is what allowed [Pacheco] to make so much money, with so little risk”⁷⁶

By targeting indigent people on Medicaid, Pacheco was able to “maximize [his] profits.”⁷⁷ He gave co-conspirators about \$50 to fill OxyContin and Percocet prescriptions at pharmacies.⁷⁸ The payments constituted a “minimal amount of money” in return for the rewards: 30 mg pills of OxyContin, often as many as 120 per prescription.⁷⁹ Pacheco’s decision to target those on Medicaid who had low-cost access to high-value drugs meant he realized higher profits than if he had obtained the pills by other means. Pacheco knew it. He targeted “people with Medicaid so the pills would not cost any money,”⁸⁰ which made “[Pacheco’s] profit margin . . . huge.”⁸¹ Law enforcement confirmed that Pacheco could make more than \$3,000 selling the contents of just one bottle of oxy.⁸²

The Aftermath

Pacheco ultimately pleaded guilty in 2015 to multiple drug-related charges.⁸³ He has been serving out his sentence at the Robinson Correctional Institute in Enfield, Connecticut, and

⁷² Stewart, *supra* note 69.

⁷³ Telephone Interview with Wallingford, Conn. Detective, *supra* note 13.

⁷⁴ Stewart, *supra* note 69.

⁷⁵ Telephone Interview with Wallingford, Conn. Detective, *supra* note 13.

⁷⁶ *Id.*

⁷⁷ *Id.*

⁷⁸ *Id.*

⁷⁹ Stewart, *supra* note 69.

⁸⁰ *Id.*

⁸¹ Telephone Interview with Wallingford, Conn. Detective, *supra* note 13.

⁸² *Id.*

⁸³ See Case Docket No. N07M-CR15-0281860-S, Conn. Jud. Branch, <http://www.jud2.ct.gov/crdockets/CaseDetailDisp.aspx?source=Pending&Key=0218ce6a-9f1e-4a04-aed1-33e7a9486269> (last updated Jan. 5, 2018) (in “Search by Defendant Name” query, enter: “Pacheco” and “R”); see also NBC CONN., *Prescription Drug Ring Leader Preyed on Poor to Get Pills: Cops*,



according to Connecticut's Department of Corrections, he is scheduled to be released in January 2018.⁸⁴

<https://www.nbcconnecticut.com/news/local/Prescription-Drug-Ring-Leader-Preyed-on-Poor-to-Get-Pills-Cops-292194201.html?amp=y> (last updated Feb. 17, 2015).

⁸⁴ See *Connecticut Department of Corrections Inmate Information Query for Ramphis Pacheco*, CONN. DEP'T OF CORRECTION, <http://www.ctinmateinfo.state.ct.us/> (last visited Jan. 5, 2018) (enter information for Ramphis Pacheco into search query).



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Cast Study 2: Bronx Drug Market

Key Facts

- A Bronx grocery store was the site of a massive prescription drug ring trafficking oxycodone, HIV medication, and other drugs.⁸⁵
- The operation targeted Medicaid recipients and enabled them to supplement their income and profit from prescriptions, with a ringleader standing at a street corner and directing neighborhood residents on Medicaid inside the store.
- The accused perpetrators are also charged with orchestrating the near-fatal shooting of a rival prescription drug trafficker,⁸⁶ illustrating the violence that can result from the nexus between Medicaid and opioids.

Background

Carlos Paniagua; Osvaldo Paniagua, Jr.; Rafael Paniagua; Osvaldo Paniagua; Joan Torres; Victor Luna; and Ramon Pichardo were accused of running a prescription drug ring out of the Joaquin Grocery & Deli Store (the Joaquin Grocery) in the Bronx, New York.⁸⁷ The operation extended from at least 2008 to June 2014.⁸⁸ A neighborhood resident described the Joaquin Grocery as a “typical bodega, with a few men and women hanging out, socializing.”⁸⁹ Neighbors began to suspect illicit activities were being conducted at the store, the resident was quoted as saying, when “all the merch[andise] disappeared.”⁹⁰

⁸⁵ See STS. NEWS SERV., *Owners of Bronx Grocery Store that Trafficked in Prescription Drugs Charged in Manhattan Federal Court With Orchestrating October 2010 Near-Fatal Shooting of Rival Trafficker*, LEXIS ADVANCE (Feb. 11, 2015), <https://advance.lexis.com/document/?pdmfid=1000516&crd=4c0e5f86-fb70-4977-962f-c65756f32e2b&pddocfullpath=%2Fshared%2Fdocument%2Fnews%2Furn%3AcontentItem%3A5F8T-STJ1-JCBF-S0N9-00000-00&pddocid=urn%3AcontentItem%3A5F8T-STJ1-JCBF-S0N9-00000-00&pdcontentcomponentid=8058&pdteaserkey=sr596&ecomp=m4ntk&earg=sr596&prid=0e944718-2613-4e35-8977-8fc58faff9dd&cbc=0>.

⁸⁶ *Id.*

⁸⁷ See Press Release, U.S. Att’y Off. S. Dist. of N.Y., *Owners of Bronx Grocery Store That Trafficked In Prescription Drugs Charged in Manhattan Federal Court With Orchestrating October 2010 Near-Fatal Shooting of Rival Trafficker* (Feb. 11, 2015), <https://www.justice.gov/usao-sdny/pr/owners-bronx-grocery-store-trafficked-prescription-drugs-charged-manhattan-federal>.

⁸⁸ See Compl., *United States v. Paniagua*, No. 1:14-cr-00547 (N.Y. Magis. Ct. 2014), [https://www.justice.gov/archive/usao/nys/pressreleases/June14/JoaquinGroceryArrestsPR/Paniagua%20et%20al%20Complaint%20\(signed\).pdf](https://www.justice.gov/archive/usao/nys/pressreleases/June14/JoaquinGroceryArrestsPR/Paniagua%20et%20al%20Complaint%20(signed).pdf).

⁸⁹ Ben Shanahan & Joe Hirsch, *Family Drug Ring Busted in Melrose*, MOTT HAVEN HERALD (June 24, 2014), <http://www.motthavenherald.com/2014/06/24/family-drug-ring-busted-melrose/>.

⁹⁰ *Id.*



The Scheme

The drug transactions at the Joaquin Grocery typically “took place in a small room behind a door at the back of the store, where Medicaid beneficiaries provided their bottles to the defendants for cash.”⁹¹ Having amassed large quantities of Medicaid-funded OxyContin pills, the defendants then re-sold them on the street.⁹²

As prosecutors explained, the scheme showcased the financial incentives that can lead to Medicaid being exploited to obtain or sell opioids. The ringleaders would “profit by exploiting the difference between the cost to the patient of obtaining bottles of prescription drugs through Medicaid—which typically is zero—and the hundreds of dollars per bottle that pharmacies or individuals pay to purchase those drugs.”⁹³

A conversation between an FBI confidential source and a participant in the scheme demonstrated its profitability. The confidential source, seeking to bring in 190 Percocets to the grocery, asked the participant how much a single Percocet pill would cost. “Four dollars. Four, four and a half,” the participant responded.⁹⁴ In other words, at \$4 a pill, a bottle with 190 Percocets would generate a street value of \$760. The scale of the operation was enormous: the cars allegedly used in the scheme contained 1,000 bottles of prescription medication and hundreds of loose pills.⁹⁵

To attract business, according to informants, Carlos Paniagua would stand at a restaurant on the corner of 150th Street and Morris Avenue directing Medicaid beneficiaries to the Joaquin Grocery.⁹⁶ In October, 2010, the scheme turned violent. When a rival prescription drug trafficker attempted to steal the grocery’s illegal prescription drug supply, participants in the Joaquin drug ring alleged shot their rival, almost killing him.⁹⁷

Aftermath

A number of the accused perpetrators have pleaded guilty, while charges are pending for others. Preet Bharara, then-U.S. attorney in Manhattan, stated that “instead of earning an honest living at their grocery store, the defendants turned it into a drug market that took advantage of

⁹¹ Press Release, Fed. Bureau of Investigation, Six Charged in Manhattan Federal Court for Operating Illegal Prescription Drug Ring Out of Bronx Grocery Store (June 24, 2014), <https://www.fbi.gov/contact-us/field-offices/newyork/news/press-releases/six-charged-in-manhattan-federal-court-for-operating-illegal-prescription-drug-ring-out-of-bronx-grocery-store>.

⁹² *Id.*

⁹³ Compl. at 21, United States v. Paniagua, *supra* note 88.

⁹⁴ *Id.*

⁹⁵ Shanahan & Hirsch, *supra* note 89.

⁹⁶ Compl. at 12, United States v. Paniagua, *supra* note 88.

⁹⁷ See STS. NEWS SERV., *supra* note 85.



impoverished Medicaid beneficiaries, spawned violence in its neighborhood, and endangered public health and safety.”⁹⁸

According to George Venizelos, the FBI’s former assistant director in charge, the defendants “defrauded Medicaid and the U.S. taxpayers while threatening the health of patients whose prescriptions were filled with diverted, mishandled and repackaged medications.”⁹⁹

After the arrests, the Joaquin market closed for business, prompting a longtime resident to say the neighborhood breathed a “sigh of relief,” adding “you have no idea how glad we are.”¹⁰⁰ Nevertheless, the damage had been done, with Medicaid beneficiaries and defendants profiting from diversion of taxpayer-funded pills to the streets.

⁹⁸ Press Release, U.S. Att’y Off. S. Dist. of N.Y., Six Charged In Manhattan Federal Court For Operating Illegal Prescription Drug Ring Out of Bronx Grocery Store (June 24, 2014), <https://www.justice.gov/usao-sdny/pr/six-charged-manhattan-federal-court-operating-illegal-prescription-drug-ring-out-bronx>.

⁹⁹ *Id.*

¹⁰⁰ Shanahan & Hirsch, *supra* note 89.



Case Study 3: Pharmacist Defrauds Medicaid, Filling Opioid Prescriptions from “Dr. T” and “Dr. Z”

Key Facts

- David Russo, a Maryland pharmacist, admitted in federal court that he improperly billed Medicaid for hundreds of thousands of illicit prescriptions for opioids, defrauding the program out of at least \$90,000.¹⁰¹
- Russo knew that two physicians—identified only as “Dr. T” and “Dr. Z”—wrote prescriptions for excessive amounts of oxycodone and methadone, yet he continued to fraudulently bill Medicaid for these prescriptions.¹⁰²
- In a relatively short time, Russo became one of “the largest dispensers of [oxycodone and methadone] in the entire State of Maryland” before law enforcement caught on to his scheme.¹⁰³

Background

“Licensed pharmacists know that it is improper to . . . fill a prescription that is issued outside the usual course of medical treatment.”¹⁰⁴ Yet that is exactly what David Russo admitted to doing, at taxpayer expense.¹⁰⁵ Russo, a licensed pharmacist, owned and operated Western Maryland Pharmaceutical Service, Inc.,¹⁰⁶ doing business as “Russo’s RX,” in Hagerstown, Maryland.¹⁰⁷ In May 2013, federal prosecutors filed charges against Russo after he unlawfully “submitted claims for controlled substances” for approximately two years.¹⁰⁸ Russo ultimately defrauded Medicaid and Medicare, receiving payments from the government totaling in the tens of thousands of dollars.¹⁰⁹

¹⁰¹ See Press Release, U.S. Att’y Off. Dist. of Md., Hagerstown Pharmacist Sentenced to 30 Months In Prison for Health Fraud For Improperly Billing Medicare And Medicaid (Aug. 22, 2013), <https://www.justice.gov/usao-md/pr/hagerstown-pharmacist-sentenced-30-months-prison-health-care-fraud-improperly-billing>.

¹⁰² Russo also fraudulently billed Medicare. See Plea Agreement Attachment A-Statement of Facts at 2, United States v. Russo, No. 1:13-cr-00240-GLR (D. Md. Dec. 19, 2017), ECF No. 8.

¹⁰³ *Id.* at 3.

¹⁰⁴ *Id.* at 1.

¹⁰⁵ *Id.*

¹⁰⁶ Compl. at 1, United States v. Russo, No. 1:13-cr-00240-GLR (D. Md. Dec. 19, 2017), ECF No. 1.

¹⁰⁷ U.S. Att’y Off. Dist. of Md. Press Release, *supra* note 101.

¹⁰⁸ See Compl. at 3, United States v. Russo, *supra* note 106 (detailing Russo’s running this scheme from “sometime in or about January 2009 until in or about December 2010, in the State and District of Maryland, and elsewhere”).

¹⁰⁹ See Plea Agreement Attachment A at 3, United States v. Russo, *supra* note 102.



The Scheme

Russo established a reputation with customers for his willingness to fill prescriptions for oxycodone and methadone that “he knew were issued outside of the legitimate medical course.”¹¹⁰ According to the Justice Department, “[t]he sheer number of prescriptions for oxycodone and methadone indicated that the prescriptions were not valid.”¹¹¹ For example, “[f]rom January 1, 2009 through December 31, 2010, Russo’s Rx dispensed over 700,000 dosage units of oxycodone and 117,000 dosage units for methadone for . . . invalid prescriptions” written by doctors.¹¹² This volume of prescriptions made Russo “one of the largest dispensers of [oxycodone and methadone] in the entire State of Maryland.”¹¹³

Most of the illicit prescriptions were written by “Dr. T” and “Dr. Z,” whose offices were not close to Russo’s pharmacy.¹¹⁴ In fact, when Drug Enforcement Administration (DEA) agents interviewed other pharmacies located near Russo’s Rx, each of them “advised the DEA about the[ir] concerns about the legitimacy . . . of Dr. T and Dr. Z’s prescriptions.”¹¹⁵ Believing that the patients were “pharmacy-shopping,” these pharmacies refused to fill the prescriptions.¹¹⁶ Russo took a different approach. Customers “knew that Russo’s Rx was the ‘one and only pharmacy that would fill’” prescriptions from Dr. T and Dr. Z.¹¹⁷

Russo had others reasons to know that he was filling suspect prescriptions. Some customers came to him from out of state.¹¹⁸ Others called “ahead of time to ask [Russo] if he had [O]xyContin ‘in stock’ and how much it would cost.”¹¹⁹ Some clients came together in vans.¹²⁰ Still, Russo continued providing pills.

Not only did Russo develop a reputation for filling prescriptions that Medicaid would reimburse, he also accepted cash from certain patients.¹²¹ Russo even had a cash counting machine at his pharmacy, which helped him count at least 55 cash deposits totaling \$862,000 between December 2009 and June 2010.¹²²

¹¹⁰ See generally U.S. Att’y Off. Dist. of Md. Press Release, *supra* note 101.

¹¹¹ *Id.*

¹¹² *Id.*; see also Plea Agreement Attachment A at 3, United States v. Russo, *supra* note 102.

¹¹³ Plea Agreement Attachment A at 3, United States v. Russo, *supra* note 102.

¹¹⁴ *Id.* at 2.

¹¹⁵ *Id.*

¹¹⁶ See *Id.*

¹¹⁷ *Id.*

¹¹⁸ *Id.*

¹¹⁹ *Id.*

¹²⁰ *Id.*

¹²¹ *Id.*

¹²² *Id.*



Ultimately, Russo’s scheme not only defrauded taxpayers, but also enabled the black market for opioids. The DEA interviewed some of Russo’s customers, who “admitted buying the drugs for resale—sometimes in the parking lot of the pharmacy.”¹²³

Aftermath

In June 2013¹²⁴—one month after the Department of Justice filed charges¹²⁵—Russo pleaded guilty to health care fraud for defrauding Medicaid and Medicare.¹²⁶ A federal judge sentenced him to 30 months in prison and ordered him to pay restitution of more than \$200,000. Russo also forfeited \$39,000 in cash agents seized from his pharmacy.¹²⁷ As part of his plea agreement, Russo surrendered his pharmacy license.¹²⁸

As Russo was sentenced, Gary Tuggle, then-Assistant Special Agent in Charge of Baltimore’s DEA District Office, said the case exemplified how “[p]rofessionals, such as doctors and in this case a pharmacist, who knowingly abuse their power and the public trust are drug dealers, no different than the street dealers that sell illicit drugs.”¹²⁹

¹²³ *Id.*

¹²⁴ See Plea Agreement at 9, *United States v. Russo*, No. 1:13-cr-00240-GLR (D. Md. Dec. 19, 2017), ECF No. 8

¹²⁵ See Compl. at 1, *United States v. Russo*, *supra* note 106.

¹²⁶ See U.S. Att’y Off. Dist. of Md. Press Release, *supra* note 101.

¹²⁷ *Id.*

¹²⁸ Plea Agreement at 7, *United States v. Russo*, *supra* note 124.

¹²⁹ See U.S. Att’y Off. Dist. of Md. Press Release, *supra* note 101.



Case Study 4: A \$1 Billion Fraud

Key Facts

- On July 22, 2016, the Department of Justice charged Philip Esformes, Odette Barcha, and Arnaldo Carmouze with conspiracy, money laundering, and health care fraud in connection with a \$1 billion scheme involving numerous Miami-based health care providers.¹³⁰ Esformes and Barcha were also charged with obstruction of justice. The case is the Justice Department's largest single criminal health care fraud prosecution ever brought against individuals.¹³¹
- Part of the scheme included giving pill-seekers opioids to entice them to participate.¹³²
- The conspirators are charged with fraudulently billing Medicaid and Medicare for about 14,000 patients.¹³³
- In court documents, prosecutors accuse Esformes of participating in kickbacks with corrupt medical professionals that included “high-end escorts” being flown to Orlando and “chauffeured in limousines for liaisons with Esformes at the Ritz-Carlton Hotel.”¹³⁴
- The scheme allegedly fueled an extravagant lifestyle for Esformes, who drove a \$1.6 million Ferrari.

Background

Philip Esformes operated the Esformes Network, a group of more than 30 skilled nursing homes and assisted living facilities that served thousands of Medicaid and Medicare patients. A man who “seemed to live in perpetual motion,” he and his father and business partner “took in millions of dollars annually from federal programs for the sick and disabled.”¹³⁵ Esformes was also known as a prominent philanthropist; he and his family gave “millions of dollars to synagogues, schools and medical facilities in the United States and Israel.”¹³⁶

¹³⁰ Press Release, U.S. Dep't of Just., Three Individuals Charged in \$1 Billion Medicare Fraud and Money Laundering Scheme (July 22, 2016), <https://www.justice.gov/opa/pr/three-individuals-charged-1-billion-medicare-fraud-and-money-laundering-scheme>.

¹³¹ *Id.*

¹³² See Kate O'Keeffe, *Justice Department Charges Three in \$1 Billion Medicare Fraud Scheme in Florida*, WALL ST. J. (July 22, 2016), <https://www.wsj.com/articles/justice-department-charges-three-in-1-billion-medicare-fraud-scheme-in-south-florida-1469218807>.

¹³³ See Jay Weaver, *Bribes to Low-Paid State Worker Key to \$1 Billion Miami Medicare Fraud Case, Prosecutors Say*, MIAMI HERALD (July 29, 2017), <http://www.miamiherald.com/news/local/article164232522.html>.

¹³⁴ David Jackson & Gary Marx, *Nursing Home Operator From Chicago Jailed as Feds Allege \$1 Billion Scheme*, CHI. TRIB. (Oct. 4, 2016), <http://www.chicagotribune.com/news/watchdog/ct-philip-esformes-jailed-met-20161002-story.html>.

¹³⁵ *Id.*

¹³⁶ *Id.*



The Scheme

Esformes, Barcha and Carmouze are accused of admitting people to the Esformes Network who did not qualify for skilled nursing home care or for placement in an assisted living facility. Specifically, patients who were drug addicts, prosecutors said, were prescribed opioids such as OxyContin to entice them to stay in the facilities.¹³⁷ Once admitted, the patients would receive medically unnecessary services that were billed to Medicaid and Medicare. The Esformes facilities earned more than \$200 million in government reimbursements for fraudulent services.¹³⁸ Esformes, Barcha and Carmouze are also accused of receiving kickbacks by steering these beneficiaries to other health care providers, who would also perform medically unnecessary treatments—also billed to Medicaid and Medicare.

The fraudulent scheme reportedly fueled Esformes' lavish lifestyle, which included \$2.4 million of leased luxury vehicles, \$2.1 million of leased private jets, \$8.9 million spent to pay credit card bills, and \$960,000 spent to purchase watches.¹³⁹ As of August 2014, Esformes reported personal savings and assets worth \$78 million.¹⁴⁰

According to prosecutors, Esformes took active measures to cover up his activities. In 2006, he had paid \$15.4 million to resolve civil federal health care fraud claims for conduct that was “essentially identical” to the later criminal scheme.”¹⁴¹ Following the payment, Esformes and his co-conspirators employed sophisticated money laundering techniques to hide their identities from investigators.

Esformes's efforts to cover his tracks also reportedly reached to the state government of Florida. In February 2017, the Justice Department charged Esformes with bribing a former state employee at the Florida Agency for Health Care Administration. Esformes's business associates, the charges alleged, paid the former employee \$200 for information about each patient complaint and \$3,000 for each unannounced inspection schedule.¹⁴²

¹³⁷ O’Keeffe, *supra* note 132.

¹³⁸ Brian Silber, *Philip Esformes, Odette Barch, and Arnaldo Carmouze of Miami, Florida Arrested in Connection to \$1 Billion Medicare Fraud Scheme*, COURTHOUSE INSIDER (July 25, 2016), <https://www.briansilber.com/2016/07/philip-esformes-miami-florida-arrested-alleged-involvement-1-billion-medicare-fraud-scheme.html>.

¹³⁹ *Id.*

¹⁴⁰ *Id.*

¹⁴¹ U.S. Dep’t of Just. Press Release, *supra* note 130.

¹⁴² Weaver, *supra* note 133.



Aftermath

The case is still pending, and all three defendants have pleaded not guilty.¹⁴³ A lawyer for Esformes says he “adamantly denies any wrongdoing” and “stands by his lifelong record of hard work and success, of providing quality service to people in his nursing homes, and of helping persons in need.”¹⁴⁴ But the allegations illustrate not only potential misuse of taxpayer-funded benefits, but also how desperate addicts can inadvertently participate in and facilitate the opioid-related fraud of health care providers.

¹⁴³ See Criminal Doc., *United States v. Esformes*, No. 1:16-cr-20549-RNS (S.D. Fla. 2016) (on file with S. Comm. on Homeland Sec. & Governmental Aff.).

¹⁴⁴ Jackson & Marx, *supra* note 134.



Case Study 5: Small-town doctor defrauds Medicaid, endangers patients with opioids

Key Facts

- In 2013, state prosecutors charged a small-town Indiana OB/GYN—who had delivered an estimated 4,000 babies in his career—with Medicaid fraud, theft, dealing in controlled substances, and corrupt business influence.¹⁴⁵
- The probe began after two pharmacies told authorities that Dr. Paul Kelty was “prescribing the powerful and highly addictive painkiller hydrocodone to patients who appeared to be drug abusers.”¹⁴⁶
- Court documents stated that Kelty “repeatedly overbilled Medicaid for office visits” with female patients,¹⁴⁷ and prosecutors say the scheme specifically targeted Medicaid beneficiaries and the Medicaid program.¹⁴⁸

Background

Kelty, an obstetrician and gynecologist, was a fixture in the small Indiana town of Corydon, where he had delivered babies for decades.¹⁴⁹ His office was “just down the road from the Harrison County Justice Center.”¹⁵⁰ In 2015, Kelty pled guilty to charges of Medicaid fraud and corrupt business practices.¹⁵¹ The court sentenced him to four years of home incarceration and required him to pay more than \$22,000 in restitution.¹⁵² Kelty also lost his license to practice medicine.¹⁵³

The Scheme

The investigation began in February 2013, when investigators with the Indiana state police, the state attorney general’s office, and the Harrison County prosecutor’s office raided

¹⁴⁵ See Grace Schneider, *Doctor Freed as Bond is Reduced*, COURIER-J (Louisville, Ky.), June 1, 2013, at B1.

¹⁴⁶ *Id.*

¹⁴⁷ *Id.*

¹⁴⁸ ¹⁴⁸ Telephone Interview by S. Comm. on Homeland Sec. & Governmental Aff. Staff with Otto Schalk, Harrison County’s Prosecuting Att’y (Nov. 29, 2017).

¹⁴⁹ Schneider, *supra* note 145.

¹⁵⁰ Marissa Alter, *Bond Lowered for Doctor Accused of Sex Abuse, Medicaid Fraud*, WLKY NEWS (May 31, 2013), <http://www.wlky.com/article/bond-lowered-for-doctor-accused-of-sex-abuse-medicaid-fraud-1/3743889>.

¹⁵¹ *Southern Indiana Doctor Sentence for Medicaid Fraud, Corrupt Business Practices*, BUS. J. (Louisville, KY.), Aug. 7, 2015, https://www.bizjournals.com/louisville/blog/morning_call/2015/08/southern-indiana-doctor-sentenced-for-medicaid.html.

¹⁵² As detailed below, Dr. Kelty also forfeited \$700,000 in a related civil case. *See Id.*

¹⁵³ *Id.*



Kelty's office in Corydon.¹⁵⁴ The affidavit for the search warrant noted that at least six of Kelty's patients had fatally overdosed since 2008.¹⁵⁵

The following month, the Indiana Attorney General petitioned the state licensing board to suspend Kelty for "practicing pain management by issuing monthly controlled substance prescriptions to patients, in spite of the fact his specialty is OB/GYN" and other alleged violations, "all presenting an alleged clear and present risk to the public."¹⁵⁶

The Indiana Attorney General's investigation found that between 2009 and 2012, Kelty treated 1,283 patients and wrote 31,490 prescriptions totaling 1.08 million pills.¹⁵⁷ In a 78-page affidavit filed with Kelty's arrest in May 2013, Harrison County Prosecutor Otto Schalk stated that "Dr. Kelty was requiring his patients to submit to unnecessary office visits and procedures, which ultimately would be turned in as unnecessary claims constituting Medicaid fraud."¹⁵⁸ Schalk added: "Virtually all of Kelty's patients were being prescribed hydrocodone and some patients were receiving a cocktail of hydroco[do]ne and Xanax, and that combination of those taken concurrently is eight times more likely to result in an overdose."¹⁵⁹

In treating one Medicaid patient—who was "an inappropriate candidate for chronic opioid therapy" due to "[h]er history of sexual and physical abuse, as well as a history of illegally obtaining drugs from [her] family members"—Kelty neither took a medical history nor performed an initial physical examination.¹⁶⁰ Kelty simply "prescribed opiates to her without medical legitimacy" and maintained the prescriptions throughout the patient's pregnancy.¹⁶¹ As a result, the patient's daughter was born "with a diagnosis of neonatal abstinence syndrome." The baby spent nearly two months in a neonatal intensive care unit.¹⁶² The expert reviewing Dr. Kelty's files concluded that "[b]oth mother and child were put in jeopardy as a result of [Dr. Kelty's] inappropriate and dangerous prescribing habits, all the while being reimbursed by Medicaid."¹⁶³

¹⁵⁴ Alter, *supra* note 150.

¹⁵⁵ *Id.*

¹⁵⁶ Order of Surrender at 1, In Re The License To Practice Medicine in the Commonwealth of Kentucky Held by Paul D. Kelty, M.D., License No. 20164, 2000 Edsel Lane, Corydon, Indiana 47112, No. 1498 (Ky. B. Medical Licensure 2014), <http://www.state.ky.us/agencies/kbml/finalorders/20164.pdf>.

¹⁵⁷ Alan Stewart, *OB-GYN Faces 22 Charges*, CORYDON DEMOCRAT (June 5, 2013),

<http://www.corydondemocrat.com/Articles-News-i-2013-06-04-226056.114125-OBGYN-faces-22-charges.html>

¹⁵⁸ Alter, *supra* note 150.

¹⁵⁹ *Id.*

¹⁶⁰ Aff. of Dr. Timothy E. King at 4, *Indiana v. Paul Kelty*, No. 31D01-1305-FB-365 (Harrison Cty. Super. Ct. May 31, 2013) (Committee staff obtained court records from the Harrison County Prosecutor's Office. Not all of the records are available online).

¹⁶¹ *Id.*

¹⁶² *Id.*

¹⁶³ *Id.*



Another Medicaid patient visited Kelty every one to three weeks, and Kelty “routinely refilled her hydrocodone prescriptions” despite his knowledge “of [the patient’s] excessive drug seeking.”¹⁶⁴ In this case, Dr. Kelty knew the patient was getting additional hydrocodone from a dentist and “that she patronized multiple pharmacies to obtain opiates.”¹⁶⁵

Aftermath

Dr. Kelty ultimately pleaded guilty to one count of Medicaid fraud and one count of corrupt business influence.¹⁶⁶ A judge sentenced him to four years of home incarceration.¹⁶⁷ Dr. Kelty also forfeited \$700,000 in a companion civil action,¹⁶⁸ some of which was used to fund and produce a documentary concerning the dangers of prescription-drug and heroin addiction.¹⁶⁹ But Kelty’s willingness to take advantage of Medicaid beneficiaries and prescribe drugs—furthering addiction and creating opportunity for pill diversion—had already taken its toll on the community he served for so long.

¹⁶⁴ *Id.* at 7.

¹⁶⁵ *Id.*

¹⁶⁶ See J. of Conviction at 1, *Indiana v. Paul Kelty*, No. 31D01-1305-FB-365 (Harrison Cty. Super. Ct. May 31, 2013).

¹⁶⁷ *Id.*

¹⁶⁸ *Id.* at 2.

¹⁶⁹ See generally *A Hit of Hell: The Addictive Grip of Heroin*, FACEBOOK (last updated May 11, 2017), <https://www.facebook.com/hitofhell/> (describing documentary’s focus on prescription-drug and heroin abuse).



Case Study 6: Taxpayer Dollars Down the Toilet

Key Facts

- On April 15, 2015, Patricia A. Hoehn pleaded guilty in a scheme to use opioids to defraud the Missouri Medicaid program.¹⁷⁰
- Hoehn, a licensed pharmacist, admitted in federal court that she used three prescriptions for a cough syrup containing hydrocodone, while falsely representing to Medicaid that the medication had been prescribed to three children.¹⁷¹
- In her plea agreement, Hoehn admitted that she destroyed her cell phone by putting it in a toilet to prevent law enforcement officials from obtaining incriminating information.¹⁷² While her case involves smaller amounts of Medicaid dollars than others, it illustrates the depths to which some defendants will go to conceal the use of Medicaid to obtain opioids.

The Scheme

Hoehn, of Farmington, admitted in court documents that she used “three prescriptions that falsely stated and represented to Medicaid that a licensed medical doctor had prescribed a cough syrup that contained hydrocodone, a narcotic opioid pain medication, to three children.” In reality, the documents say, “the prescriptions were false because no licensed medical doctor had actually prescribed the drugs to these three children on these three dates, and Hoehn knew that the children were not actually receiving these drugs.”¹⁷³

Hoehn, who was the pharmacist-in-charge of the pharmacy where she worked, stated that she had ordered the drugs for three minor children of co-workers.¹⁷⁴ Over the span of 19 months, Hoehn “presented 28 prescriptions for Tussionex—a cough syrup containing the opiate narcotic hydrocodone—to the Medicaid program. Some of the Tussionex prescriptions were in Hoehn’s handwriting. Ultimately, Medicaid funded \$4,794 worth of Tussionex.”¹⁷⁵

After a Missouri State Highway Patrol Trooper asked to examine her cell phone, Hoehn admitted¹⁷⁶ that she destroyed the phone to prevent law enforcement officers from “searching it

¹⁷⁰ Press Release, U.S. Att’y Off. E. Dist. of Mo., Farmington, Missouri, Pleads Guilty to Three Medicaid Fraud Charges (Apr. 15, 2015), <https://www.justice.gov/usao-edmo/pr/farmington-missouri-pharmacist-pleads-guilty-three-medicaid-fraud-charges>.

¹⁷¹ *Id.*

¹⁷² *Id.*

¹⁷³ *Id.*

¹⁷⁴ Gov’t Sent’g Mem. at 2, *United States v. Hoehn*, No. 4:14 CR 00312 (CEJ) (E.D. Mo. 2015), ECF No. 43.

¹⁷⁵ *Id.* at 1-2.

¹⁷⁶ *Id.* at 3.



for text messages regarding these false prescriptions.”¹⁷⁷ When asked why she went so far as to place her phone in the toilet, Hoehn said “because everyone told me to.”¹⁷⁸

Aftermath

Hoehn pleaded guilty in April 2015 to three felony counts involving false statements to the Missouri Medicaid program. The Government’s sentencing memorandum pointed out that Hoehn caused financial loss to the Missouri Medicaid program, which already faced funding limitations.¹⁷⁹ Prosecutors emphasized that her actions had deprived the program of resources to help Missouri residents in need. Hoehn’s false statements, the memo said, “further impeded the program from achieving its important policy objectives of taking care of low income patients.”¹⁸⁰

On July 30, 2015, a federal judge sentenced Hoehn to three years of probation.¹⁸¹ She was ordered to perform 100 hours of community services and pay \$4,794 in restitution to the Missouri Medicaid Fraud Control Unit.¹⁸²

¹⁷⁷ U.S. Att’y Off. E. Dist. of Mo. Press Release, *supra* note 170.

¹⁷⁸ *Pharmacist Charged with Tampering*, DAILY J. ONLINE, Jan. 10, 2013, http://dailyjournalonline.com/news/local/pharmacist-charged-with-tampering/article_b9dcb520-5b3b-11e2-8c28-001a4bcf887a.html.

¹⁷⁹ Gov’t Sent’g Mem. at 3, *United States v. Hoehn*, *supra* note 174.

¹⁸⁰ *Id.*

¹⁸¹ DAILY J. ONLINE, *supra* note 178.

¹⁸² *Id.*



Case Study 7: Doctor's Alleged Behavior Highlights Suboxone-Related Medicaid Fraud

Key Facts

- Curtis Edens, a Kentucky doctor who operated a Suboxone clinic that catered to Medicaid beneficiaries, stands accused of illegally prescribed addiction-treatment drugs and defrauding Medicaid.¹⁸³ He has pleaded not guilty.¹⁸⁴
- Dr. Edens's Suboxone clinic was so crowded with patients, some from out of state, that patients had difficulty finding parking.
- The case reflects an escalating problem: Medicaid fraud relating to abuse of an opioid, Suboxone, that is itself used to treat opioid addiction.

Background

Dr. Edens specialized in “obstetrics/gynecology,”¹⁸⁵ but was also a “Suboxone clinic doctor.”¹⁸⁶ He surrendered his Kentucky medical license in November, 2016,¹⁸⁷ and was living in South Carolina when a grand jury in Lawrence County, Kentucky indicted him in May 2017.¹⁸⁸ Dr. Edens waived extradition and returned to Lawrence to face the charges¹⁸⁹ in an investigation overseen by the Kentucky Attorney General's Office of Medicaid Fraud and Abuse.¹⁹⁰ The grand jury charged Dr. Edens with Medicaid fraud, improperly prescribing a controlled substance, and theft by deception.¹⁹¹

¹⁸³ See Bill Estep, *Former Suboxone Clinic Doctor Charged With Improper Prescribing, Health Care Fraud*, Lexington Herald Leader (May 15, 2017), <http://www.kentucky.com/news/state/article150608602.html>.

¹⁸⁴ Update: *Former Pain Clinic Doctor in Lawrence County, Ky. Enters Not Guilty Plea*, WSAZ News, June 9, 2017, <http://www.wsaz.com/content/news/Former-pain-clinic-doctor-indicted-in-Lawrence-County-Ky-422368233.html>. <http://www.wsaz.com/content/news/Former-pain-clinic-doctor-indicted-in-Lawrence-County-Ky-422368233.html>

¹⁸⁵ See Agreed Order of Surrender at 2, In Re The License To Practice Osteopathy In the Commonwealth of Kentucky Held By Curtis D. Edens, D.O., License No. 02610, 108 West Madison Street, Louisa, Kentucky 41230-1327, No. 1355 (Ky. B. Licensure 2016), <http://www.state.ky.us/agencies/kbml/finalorders/02610.pdf>.

¹⁸⁶ Press Release, Kentucky.gov, Beshear: Former Eastern Kentucky Suboxone Clinic Doctor Arraigned in Lawrence Circuit Court (June 9, 2017), <http://kentucky.gov/Pages/Activity-stream.aspx?n=AttorneyGeneral&prId=345>.

¹⁸⁷ See Agreed Order of Surrender, *supra* note 185 at 10, 12.

¹⁸⁸ *Former Louisa Suboxone Clinic Doctor Indicted on Fraud, Theft, Improperly Prescribing*, DAILY INDEPENDENT, May 15, 2017, http://www.dailyindependent.com/news/former-louisa-suboxone-clinic-doctor-indicted-on-fraud-theft-improperly/article_020da16e-399b-11e7-a60d-7b744c2fd9ce.html.

¹⁸⁹ *Id.*

¹⁹⁰ See Indictment at 5, *Kentucky v. Edens*, No. 17-CR-00041 (Lawrence Cty. Cir. Ct. May 12, 2017).

¹⁹¹ *Id.* at 1-2; *see also* Press Release, Kentucky.gov, *supra* note 186.



The Scheme

In 2016, Dr. Edens operated a Suboxone clinic at which prosecutors allege he illegally charged Medicaid beneficiaries cash for his services.¹⁹² Prosecutors say he also defrauded Medicaid by improperly prescribing Suboxone to patients.¹⁹³ Although little additional information has been made public in the criminal case, Kentucky’s Board of Medical Licensure has previously addressed Dr. Edens’s medical methods.

In a November 2016 Order for Dr. Edens to surrender his license, the Board described what it called troubling details of Dr. Eden’s practice and his treatment of patients.¹⁹⁴ Dr. Edens agreed to the Board’s stipulation of facts, which concluded that he:

- prescribed Suboxone to pregnant women, which experts say can cause miscarriage or premature labor;
- consistently failed to document any physical exams;
- consistently documented urine drug tests as negative when they were positive; and
- failed to meet minimum standards in prescribing and monitoring medications.¹⁹⁵

The Board’s Order also noted that when police responded to a call from Dr. Edens’s clinic in 2011,¹⁹⁶ they found “that the parking area was so crowded that patients had to park” anywhere they could.¹⁹⁷ The Board noted that “numerous vehicles were from surrounding counties and several were from out of state.”¹⁹⁸

Aftermath

The prosecution of Dr. Edens continues, and the case reflects a larger trend: abuse and diversion of Suboxone. Kentucky Attorney General Andy Beshear asserts that Suboxone “is being actively abused by thousands of Kentuckians.”¹⁹⁹ In an increasing number of instances nationwide, Medicaid is footing the bill for these illicit prescriptions.

¹⁹² Press Release, Kentucky.gov, *supra* note 186.

¹⁹³ See Indictment at 4-5, Kentucky v. Edens, *supra* note 190 (alleging that “from December 20, 2011 through July 12, 2012,” Edens “knowingly or wantonly devised a scheme” to defraud the Kentucky Medical Assistance Program).

¹⁹⁴ Agreed Order of Surrender at 1, *supra* note 185.

¹⁹⁵ *Id.* at 12 (reflecting Edens’s agreement and signature).

¹⁹⁶ *Id.* at 2.

¹⁹⁷ *Id.*

¹⁹⁸ *Id.*

¹⁹⁹ Laura Ungar, *Rogue Doctors Exploit Loopholes to Let a Powerful Drug ‘Devastate a Community’*, COURIER J. (June 8, 2017), <https://www.courier-journal.com/story/news/investigations/2017/06/08/rogue-doctors-hands-medicine-designed-treat-addiction-turns-into-new-habit/98522426/>.



In Kentucky, according to Attorney General Beshear, “the wrongful prescribing of Suboxone is flooding [Kentucky] communities with yet another drug that is killing our children, destroying our families and scarring our neighborhoods. While there are honest, legal Suboxone clinics that provide real and needed treatment in our state, the rogue clinics who value money over lives must be shut down.”²⁰⁰

²⁰⁰ Press Release, Kentucky.gov, *supra* note 186.



Case Study 8: Pain Doctor Threatens Murder to Protect Pill Mill

Key Facts

- From the outside, Dr. Shannon C. Ceasar ran a thriving medical practice in New Orleans. In reality, Dr. Ceasar was operating what authorities called a “pill mill.” In April 2017, he pleaded guilty in federal court to health care fraud.²⁰¹
- In telephone calls recorded by law enforcement, Dr. Ceasar threatened in graphic terms to kill the agents investigating him, vowing that “they won’t even be able to have an open casket funeral. There will be nothing left above the Adam’s apple.”²⁰²
- Dr. Ceasar’s willingness to hand out prescriptions for oxycodone defrauded Medicaid, costing taxpayers \$93,901.²⁰³

Background

No stranger to law enforcement, Dr. Ceasar had been investigated by the FBI in 2007 for alleged “wrongful prescribing habits stemming from his operation of a [previous] clinic.”²⁰⁴ Dr. Ceasar voluntarily surrendered his Drug Enforcement Administration (DEA) registration number that year.²⁰⁵ He later obtained a new DEA number, and opened the Gulf South Physicians Group in Metairie, Louisiana. Dr. Ceasar purported to run a family practice, and advertised himself “as a sub-specialist in chronic pain and substance abuse treatment and management.”²⁰⁶

The Scheme

“Despite aspects of legitimate medical practice at [Gulf South Physicians Group],” court documents alleged that Dr. Ceasar “ran what he admitted . . . was, in essence a ‘pill mill,’ *i.e.*, an operation in which he prescribed controlled substances to drug seekers and drug abusers without a legitimate medical purpose”²⁰⁷ Dr. Ceasar regularly prescribed high doses of opioids

²⁰¹ See generally Plea Agreement at 1-2, *United States v. Ceasar*, No. 2:16-cr-00174-MLCF-DEK (E.D. La. Apr. 5, 2016), ECF 44; see also Press Release, U.S. Att’y Off. E. Dist. of La., Metairie Doctor Pleads Guilty to Operating a Pill Mill, Threatening Federal Law Enforcement and Health Care Fraud (Apr. 5, 2017), <https://www.justice.gov/usao-edla/pr/metairie-doctor-pleads-guilty-operating-pill-mill-threatening-federal-law-enforcement>.

²⁰² Press Release, U.S. Att’y Off. E. Dist. of La., Local Doctor Arrested for Illegally Dispensing Controlled Substances and Threatening to Kill Law Enforcement (July 25, 2016), <https://www.justice.gov/usao-edla/pr/local-doctor-arrested-illegally-dispensing-controlled-substances-and-threatening-kill>.

²⁰³ Plea Agreement at 2, *United States v. Ceasar*, *supra* note 201.

²⁰⁴ Factual Basis for Plea Agreement at 2, *United States v. Ceasar*, No. 2:16-cr-00174-MLCF-DEK (E.D. La. Apr. 5, 2016), ECF 43.

²⁰⁵ *Id.*

²⁰⁶ *Id.*

²⁰⁷ *Id.* at 4.



including oxycodone,²⁰⁸ for \$500 a prescription, often knowing that drug traffickers and addicts would sell or abuse the medications.²⁰⁹ To cover his tracks, Dr. Caesar “doctored” the files of co-conspirator patients,²¹⁰ and wrote the prescriptions in other people’s names rather than the names of his co-conspirators.²¹¹

Furthermore, Dr. Caesar routinely “breached the standard of care,” ensuring that almost anyone could obtain opioids.²¹² He generally issued prescriptions “with little or no investigation into a patient’s past use of prescription drugs and without consultation with a patient’s prior physician(s).”²¹³ He rarely reviewed drug screen tests.²¹⁴ And he often prescribed drugs to patients at their first appointment, with little physical examination.²¹⁵ Dr. Caesar’s prescription-writing habits knew no bounds: he wrote and delivered prescriptions to patients in the clinic parking lot, and at all hours.²¹⁶ He even “left signed prescriptions available at the clinic for distribution” when he was absent and even outside the country.²¹⁷

Although Dr. Caesar accepted only cash from “co-conspirator” patients,²¹⁸ many of his customers had government health insurance that enabled them “to fill their prescription[s] with little or no out-of-pocket expenses”²¹⁹ for the valuable pills Caesar provided. Between 2012 and 2016, Caesar repeatedly issued medically unnecessary prescriptions for both oxycodone and Suboxone, knowing that Medicaid would foot the bill.²²⁰

The medical and financial toll added up. Overall, Dr. Caesar prescribed nearly 30,000 oxycodone pills for no legitimate medical purpose.²²¹ Insurers paid \$150,788 for the scam— Medicaid paid \$93,901, while Medicare paid \$32,027.²²²

With Dr. Caesar’s fraud came great profit, and he made clear that he would take whatever steps necessary to protect his “practice.” When he suspected he was under investigation, he made repeated threats to kill law enforcement officers.²²³ For example, during one telephone call with

²⁰⁸ *Id.* at 5.

²⁰⁹ *Id.* at 5.

²¹⁰ *Id.* at 8.

²¹¹ *Id.* at 5.

²¹² *Id.* at 6.

²¹³ *Id.* at 6.

²¹⁴ *Id.* at 6.

²¹⁵ *Id.* at 6.

²¹⁶ *Id.* at 8.

²¹⁷ *Id.* at 8.

²¹⁸ *Id.* at 7.

²¹⁹ *Id.* at 17.

²²⁰ *Id.* at 17.

²²¹ *Id.* at 9.

²²² *Id.* at 20 (Ceasar also defrauded Blue Cross Blue Shield of Louisiana, with damages of \$24,859.08).

²²³ *Id.* at 10.



a confidential source in July 2016, Dr. Ceasar said: “God help them, I swear to god . . . I have a f*****g arsenal in there enough to supply a small militia, you know I collect guns, I swear to god if they come in there with a warrant I’m going to kill every single one of those sons of bitches.”²²⁴ Dr. Ceasar’s statement was apparently no empty threat: authorities later seized 33 weapons, including rifles, revolvers, pistols and shotguns, from his residence.²²⁵

Later the same day, authorities recorded Dr. Ceasar telling another confidential source: “[I]f they happen to f**k with me again, they are all going to die. Every single one of them.” Officers arrested Dr. Ceasar the day after learning of his threats.²²⁶

Aftermath

Dr. Ceasar pleaded guilty in U.S. District Court in New Orleans to committing and attempting to commit health care fraud, conspiracy to distribute and dispense oxycodone outside the scope of professional practice, and threatening to assault or murder federal law enforcement officers.²²⁷ His sentencing is scheduled for January 2018.²²⁸ In the words of former U.S. Attorney Kenneth A. Polite:

[R]ather than doing no harm as a physician, Shannon Ceasar illegally dispensed Oxycodone into a community struggling with an epidemic of opioid addiction. Then, when the governing medical board and law enforcement dared to challenge his criminality, Ceasar threatened to kill them. This level of disregard for human life, particularly from a physician, is absolutely despicable.²²⁹

²²⁴ *Id.* at 10.

²²⁵ *Id.* at 10; *see also* Compl. & Aff. In Support of Probable Cause for Criminal Compl., App. A, United States v. Ceasar, No. 2:16-cr-00174-MLCF-DEK (E.D. La. Apr. 5, 2016), ECF 41.

²²⁶ Factual Basis for Plea Agreement at 12, United States v. Ceasar, *supra* note 204.

²²⁷ Plea Agreement at 1-2, United States v. Ceasar, *supra* note 201.

²²⁸ *See* Docket Report, United States v. Ceasar, No. 2:16-cr-00174-MLCF-DEK-1 (E.D. La. Apr. 5, 2016), ECF 58.

²²⁹ ²²⁹ Press Release, U.S. Att’y Off. E. Dist. of La., *supra* note 202.



Case Study 9: Healers or Dealers? Ohio Doctor and Office Manager Wife Admit to Defrauding Medicaid

Key Facts

- Dr. David Kirkwood ran a “pill mill” that distributed thousands of illicit oxycodone pills, all paid for by Medicaid or Medicare. His wife worked as his office manager. Overall, the scheme defrauded taxpayers out of nearly \$160,000.²³⁰
- Federal prosecutors said seven people died of drug overdoses resulting from the illicit prescriptions. The Kirkwoods ultimately pleaded guilty to health care fraud.²³¹
- The government sought to seize approximately \$2.5 million that Dr. Kirkwood and his wife gained through the conspiracy.²³²

Background

In one sense, Dr. Kirkwood was an established physician with a long record of serving patients. He received his medical degree in Kentucky in 1983 and his license from Ohio in 1984.²³³ Between 1986 and 2014, Dr. Kirkwood ran Kirkwood Family Practice in Dayton, Ohio.²³⁴ Beverly Kirkwood served as office manager starting in 2009.²³⁵

The Kirkwoods’ practice proved to be both busy and lucrative. Dr. Kirkwood “saw up to 100 patients per day, charging them \$100 per office visit.”²³⁶ But various warning signs led federal and state law enforcement authorities to obtain a warrant and raid the Kirkwoods’ office in October 2012.²³⁷ A federal grand jury in U.S. District Court in Dayton indicted the couple in 2014.

²³⁰ Press Release, U.S. Att’y Off. S. Dist. of Ohio, Doctor, Wife Plead Guilty to Running Pill Mill (Aug. 30, 2017), <https://www.justice.gov/usao-sdoh/pr/doctor-wife-plead-guilty-running-pill-mill>.

²³¹ *Id.*; see also Indictment at 13-14, United States v. Kirkwood, No. 3:14-cr-168 (S.D. Ohio 2014), ECF 4 (minute entries detailing the Kirkwoods’ guilty pleas).

²³² U.S. Att’y Off. S. Dist. of Ohio Press Release, *supra* note 230.

²³³ Indictment at 2, United States v. Kirkwood, *supra* note 231.

²³⁴ *Id.* at 1.

²³⁵ *Id.*

²³⁶ *Id.* at 9-10 (alleging Dr. Kirkwood would “examine” between 60-100 patients per day); see also U.S. Att’y Off. S. Dist. of Ohio Press Release, *supra* note 230.

²³⁷ Mark Gokavi, *Doctor, Wife Indicted for Allegedly Running ‘Pill Mill’*, DAYTON DAILY NEWS (Dec. 17, 2014), <http://www.daytondailynews.com/news/crime--law/doctor-wife-indicted-for-allegedly-running-pill-mill/oFpM16mryx0ZhMXpMFmOVI/>.



The Scheme

Beneath the Kirkwoods' family business lurked a darker reality. The couple fueled the opioid epidemic—and bilked federal taxpayers—to line their own pockets. The “investigation found that this doctor took advantage of those suffering from addiction in the Dayton area for personal gain,” according to Ohio’s Attorney General.²³⁸ By doing so, the Kirkwoods not only harmed patients, but also ultimately defrauded Medicaid. The Kirkwoods allegedly conspired to:

[F]raudulently obtain money and funds from medical benefit plans, including Medicare, Medicaid and Medicaid managed care organizations (MCOs), through the billing of medical examinations and prescribing of controlled substances which were billed to Medicare, Medicaid and MCOs without determining if there existed any legitimate medical need or purpose . . . [for the prescription of controlled substances including opioids].²³⁹

Dr. Kirkwood “provided large amounts of prescription medications” to addicts or those diverting and selling opioids.²⁴⁰ The drugs included Opana, methadone, hydrocodone, and oxycodone.²⁴¹ The Kirkwoods allegedly sought “[t]o make as much money as possible” by distributing the drugs “to patients, other drug users, and conspirators.”²⁴² They often pocketed cash payments for office visits.²⁴³ Prosecutors said the Kirkwoods’ prescriptions fueled trafficking and addiction in numerous states, including not only Ohio, but also Florida, Kentucky, Oklahoma, South Carolina, Tennessee, Texas, and West Virginia.²⁴⁴

Moreover, the Kirkwoods allegedly knew what they were doing, having learned that a vast number of their patients were drug addicts.²⁴⁵ According to prosecutors, the couple simply ignored “red flags” indicating that customers resold and abused the opioids.²⁴⁶

Dr. Kirkwood also ignored how some patients’ physical traits—such as obesity and heart problems—made prescribing drugs dangerous for them.²⁴⁷ Yet he still prescribed “excessive

²³⁸ U.S. Att’y Off. S. Dist. of Ohio Press Release, *supra* note 230 (quoting current Ohio Attorney General Michael DeWine).

²³⁹ Indictment at 20-21, *United States v. Kirkwood*, *supra* note 231 (The Kirkwoods also, allegedly, repeatedly used billing codes to charge insurers “that reflected a service that was more costly than what David Kirkwood actually performed.” *See* Indictment at 21, 22).

²⁴⁰ *Id.* at 21.

²⁴¹ *Id.* at 23.

²⁴² *Id.* at 9.

²⁴³ *Id.* at 22.

²⁴⁴ *Id.* at 9.

²⁴⁵ *Id.* at 23.

²⁴⁶ *Id.* at 24.

²⁴⁷ *Id.* at 24-25.



amounts” of opioids for these at-risk patients.²⁴⁸ For example, Dr. Kirkwood prescribed methadone and oxycodone, as well as other drugs to one patient for no “legitimate medical purpose and outside the scope of medical practice,” leading to that patient’s death.²⁴⁹

Aftermath

Dr. and Mrs. Kirkwood pleaded guilty to committing health care fraud, and Dr. Kirkwood also pleaded guilty to unlawful drug trafficking.²⁵⁰ The couple is awaiting sentencing and have agreed to pay to nearly \$160,000 in restitution for the loss to Medicaid and Medicare.²⁵¹

“When a doctor distributes Oxycodone without a legitimate medical purpose and outside the scope of medical practice, that’s not just bad practice. It’s unlawful drug trafficking,” U.S. Attorney Benjamin Glassman said after the Kirkwoods admitted their guilt.²⁵² “In pleading guilty, David Kirkwood admitted that he was distributing opioids and other controlled substances as a drug dealer, not as a doctor.”²⁵³

²⁴⁸ *Id.*

²⁴⁹ *Id.* at 19; *see also* Mot. to Am. Indictment at 1, United States v. Kirkwood, No. 3:14-cr-168 (S.D. Ohio 2014), ECF 56 (consistent with the plea agreement, amending Count 8 to omit the sentence, “Death resulted . . . from the use of the multiple controlled substances so distributed.”).

²⁵⁰ U.S. Att’y Off. S. Dist. of Ohio Press Release, *supra* note 230 (Dr. Kirkwood also pled guilty to one count of unlawful drug trafficking); *see also* Plea on Indictment, United States v. Kirkwood, No. 3:14-cr-168 (S.D. Ohio 2014), ECF 54; Plea on Indictment, United States v. Kirkwood, No. 3:14-cr-168 (S.D. Ohio 2014), ECF 55 (detailing guilty pleas).

²⁵¹ U.S. Att’y Off. S. Dist. of Ohio Press Release, *supra* note 230.

²⁵² *Id.*

²⁵³ *Id.*



Case Study 10: A Foot Above Podiatry, Inc.

Key Facts

- A podiatrist prescribed opioids to “pill seeking” patients after performing painful and medically unnecessary procedures on their toes and feet undertaken “to create the appearance of legitimacy for his prescription of opioids.”²⁵⁴
- As part of his scheme, the defendant prescribed excessive amounts of oxycodone to those who appeared to be “addicts” or even “drug dealers.”²⁵⁵
- The podiatrist submitted fraudulent claims for the procedures to Medicaid, along with Medicare and four private insurance companies.²⁵⁶
- In total, the podiatrist pocketed approximately \$5 million from the scheme.²⁵⁷

Background

Stephen Monaco was a licensed podiatrist who had practiced in Pennsylvania since 1983.²⁵⁸ He was the president and operator of A Foot Above Podiatry, Inc. in Havertown.²⁵⁹

Monaco advertised himself as a committed physician, willing to address a variety of health concerns. “I believe in finding solutions to all foot and ankle related problems, from complex musculoskeletal issues to skin and soft tissue concerns. We take a holistic approach and always recommend conservative care first,”²⁶⁰ he was quoted as saying.

The Scheme

For nearly seven years, Mr. Monaco capitalized on his “patients” opioid addictions and

²⁵⁴ Press Release, U.S. Att’y Off. E. Dist. of Pa., Delaware County Podiatrist Sentenced to 8 Years in Prison for Health Care Fraud (Feb. 7, 2017), <https://www.justice.gov/usao-edpa/pr/delaware-county-podiatrist-sentenced-8-years-prison-health-care-fraud>.

²⁵⁵ See Gov’t Sent’g Mem. at 3, United States v. Monaco, No. 2:16-cr-00255-JS (E.D. Pa. 2015), ECF 23 (on file with S. Comm. on Homeland Sec. & Governmental Aff.).

²⁵⁶ Press Release, U.S. Att’y Off. E. Dist. of Pa., Delaware County Podiatrist Pleads Guilty to \$5 Million Health Care Fraud (Aug. 23, 2016), <https://www.justice.gov/usao-edpa/pr/delaware-county-podiatrist-pleads-guilty-5-million-health-care-fraud>.

²⁵⁷ Notice of Forfeiture at 3, United States v. Monaco, No. 2:16-cr-00255-JS (E.D. Pa. 2015), <https://www.justice.gov/usao-edpa/file/869476/download>.

²⁵⁸ Gov’t Sent’g Mem. at 2, United States v. Monaco, *supra* note 255.

²⁵⁹ Notice of Forfeiture at 1, United States v. Monaco, *supra* note 257.

²⁶⁰ Rose Quinn, *Havertown Foot Doc Charged in \$5M Medicare Scam*, DELAWARE CTY. DAILY TIMES (June 22, 2016), <http://www.delcotimes.com/article/DC/20160622/NEWS/160629869>; see also Stephen Monaco, *Dr. Stephen Monaco, DPM*, HEALTHGRADES, <https://www.healthgrades.com/providers/stephen-monaco-2q2nf> (last visited Jan. 5, 2018).



exploited vulnerabilities in the Medicaid and Medicare programs.²⁶¹ From January 2008 through October 2014, he performed unnecessary procedures on patients seeking opioids, who appeared to be addicts or possible drug dealers.²⁶² According to court documents, these procedures included “injections; nail avulsions (the separation and removal of an entire nail plate or portion of a nail plate; a procedure generally requiring injected local anesthesia); and nail excisions (the separation and removal of an entire nail plate or portion of a plate, followed by removal of the associated nail matrix; performed under local anesthesia).”²⁶³

After inflicting such pain, Monaco would reward his patients with oxycodone, creating the appearance that these prescriptions were legitimate.²⁶⁴ He would then submit the claims to the patients’ insurance providers, including Medicaid. During this time period, Monaco also submitted claims for services he did not perform.²⁶⁵

In one particularly egregious instance, when a visibly pregnant woman came to Monaco’s practice, he declined to turn her away. Instead, according to court documents, Monaco prescribed the woman oxycodone throughout her pregnancy, endangering her unborn child, and “administered painful injections in the pregnant woman’s heels, for which he billed Medicaid, to justify the prescriptions.”²⁶⁶ Five days before the patient gave birth, Mr. Monaco wrote her yet another prescription for 90 pills of oxycodone.²⁶⁷ The baby was born addicted to opioids and “required extensive, and invasive, neonatal care to save his life and minimize the potential for cognitive and developmental deficits.”²⁶⁸

In some cases, staff members tried to stop Monaco from prescribing oxycodone to patients and even “took [his] pens away so that he could not write prescriptions.”²⁶⁹ It did not work: Monaco used the money from his fraudulent scheme to fund a “lavish lifestyle,” which included a Bentley and a 19,000-square-foot home complete with an elevator, an eight-car garage, a theater, and spa.²⁷⁰

²⁶¹ U.S. Att’y Off. E. Dist. of Pa. Press Release, *supra* note 256.

²⁶² U.S. Att’y Off. E. Dist. of Pa. Press Release, *supra* note 254; *see also* Gov’t Sent’g Mem. at 3, *United States v. Monaco*, *supra* note 255.

²⁶³ Notice of Forfeiture at 7, *United States v. Monaco*, *supra* note 257.

²⁶⁴ *See* U.S. Att’y Off. E. Dist. of Pa. Press Release, *supra* note 254.

²⁶⁵ Notice of Forfeiture at 7,10, *United States v. Monaco*, *supra* note 257.

²⁶⁶ Gov’t Sent’g Mem. at 7, 9-10, *United States v. Monaco*, *supra* note 255.

²⁶⁷ *Id.* at 7-8 n.6.

²⁶⁸ *Id.* at 7-8.

²⁶⁹ *Id.* at 10.

²⁷⁰ *Id.* at 10.



Aftermath

It wound up taking an FBI operation to unmask Monaco's fraud. In 2012, an undercover FBI agent posing as a Medicare beneficiary seeking treatment visited A Foot Above on five occasions,²⁷¹ recording her interactions with Monaco using a concealed video camera.²⁷² The agent began each visit by complaining of a "non-specified discomfort in her toes after exercising."²⁷³ Monaco treated the undercover agent by "merely [clipping] her toenails and [wiping] her toes with alcohol."²⁷⁴ According to court documents, Monaco then "submitted false claims on behalf of the [agent] to Medicare for services he had not performed. To justify payments for the services billed for the [agent], Monaco included a false diagnosis of peripheral arterial disease,"²⁷⁵ a narrowing of the arteries that reduces blood flow.

On June 22, 2016, prosecutors charged Monaco with "knowingly and willfully" defrauding Medicaid, Medicare, and a number of insurance companies.²⁷⁶ The case was part of a larger health care fraud takedown of 301 individuals who were charged with participating in schemes resulting in approximately \$900 million in fraudulent claims.²⁷⁷ In August 2016, Monaco pleaded guilty to health care fraud and surrendered his Drug Enforcement Administration license. On February 7, 2017, he was sentenced to 8 years in prison and ordered to pay \$4,960,295 in restitution.²⁷⁸

Monaco's case provides one of the more bizarre examples of the lengths to which pill-seekers will go to obtain prescriptions. It likewise illustrates the criminal creativity of some doctors, whose unscrupulous prescribing can facilitate the abuse and diversion of opioids.

²⁷¹ Gov't Plea Mem. at 6, *United States v. Monaco*, No. 2:16-cr-00255-JS (E.D. Pa. 2015), ECF 8 (on file with S. Comm. on Homeland Sec. & Governmental Aff.).

²⁷² *Id.* at 6.

²⁷³ *Id.*

²⁷⁴ *Id.*

²⁷⁵ *Id.*

²⁷⁶ Notice of Forfeiture at 10, *United States v. Monaco*, *supra* note 257.

²⁷⁷ Press Release, U.S. Dep't of Just., National Health Care Fraud Takedown Results in Charges against 301 Individuals for Approximately \$900 Million in False Billing (June 22, 2016), <https://www.justice.gov/opa/pr/national-health-care-fraud-takedown-results-charges-against-301-individuals-approximately-900>.

²⁷⁸ U.S. Att'y Off. E. Dist. of Pa. Press Release, *supra* note 254.



CASE SUMMARIES

Case Summary 1: “Super Dave” Drug Ring

- **Defendant(s)**: David Thompson, Julian Cintron, and Alejandrino DeJesus
- **Case Year**:²⁷⁹ 2017
- **State**: Connecticut
- **Case Status**: All three pleaded guilty in U.S. District Court in Connecticut. The court sentenced Thompson, known as “Super Dave,” to 14 years in prison; Cintron to 9 years in prison, and DeJesus to 11 years in prison.
- **Description of Scheme**: The three men ran an organization that stole the identities of medical providers. They used the stolen identities to write fraudulent opioid prescriptions for individuals called “runners,” who filled the prescriptions. Nearly all of the prescriptions were billed to Medicaid.
- **Key Facts**:
 - Between February 2013 and September 2015, the drug ring stole the personal identifying information of more than 50 doctors and other medical professionals and fraudulently obtained more than 80,000 oxycodone pills.
 - After the runners filled the prescriptions, the organization then re-sold the Medicaid-funded 30 mg oxycodone pills for \$20 to \$30 each.
 - In total, the drug ring wrote more than 800 fraudulent prescriptions using more than 270 different “patient” names.

Sources:

1. Press Release, U.S. Att’y Off., D. Conn., Ring Leader of Fraudulent Oxycodone Prescription Scheme Sentenced to 14 Years in Federal Prison (July 11, 2017), <https://www.justice.gov/usao-ct/pr/ring-leader-fraudulent-oxycodone-prescription-scheme-sentenced-14-years-federal-prison>.

²⁷⁹ Case year, unless otherwise noted, refers to year of conviction or the year charges were filed if the case is still pending.



Case Summary 2: New York City Opioid Quid Pro Quo

- **Defendant(s)**: 13 individuals, including two doctors and former New York State Assemblyman Alec Brook-Krasny; 3 medical clinics; and 2 corporate entities.
- **Case Year**: 2017
- **State**: New York
- **Case Status**: Prosecutors filed charges against 13 individuals and 5 entities in Manhattan state Supreme Court in April 2017. The case is pending.
- **Description of Scheme**: The medical providers are accused of writing medically unnecessary prescriptions for people seeking opioids. As payment, the doctors allegedly performed medical procedures and tests that were medically unnecessary or below standards for reimbursement. Federal officials say the scheme defrauded Medicaid and also Medicare out of millions of dollars.
- **Key Facts**:
 - Individuals seeking opioid prescriptions came to three medical clinics in New York City. Medical providers prescribed the opioid medication, provided that the individuals agreed to certain medical treatment or diagnostic tests, which could be billed to their health insurance—Medicaid or Medicare.
 - In addition to running expensive medically unnecessary tests, practitioners billed Medicaid for medical treatment that was far below standards for reimbursement. This included, for example, billing a few minutes in a massage chair as a full physical therapy session.
 - From 2012 to 2017, these clinics and medical practitioners allegedly prescribed six million oxycodone pills and ordered government-reimbursed procedures generating more than \$24 million in revenue.
 - The laboratory run by Alec Brook-Krasny allegedly altered urinalysis test results for patients, enabling them to test positive for alcohol yet continue to receive opioid prescriptions.

Sources:

1. Press Release, DEA, Operation Avalanche: *Millions of Narcotic Painkillers Pumped Onto Black Market, Millions Fraudulently Billed to Medicaid, Medicare* (Apr. 7, 2017), <https://www.dea.gov/divisions/nyc/2017/nyc040717.shtml>.
2. Press Release, DEA, New Charges for Former NY State Assemblyman Brook-Krasny (June 14, 2017), <https://www.dea.gov/divisions/nyc/2017/nyc061417.shtml>.



Case Summary 3: Maryland Pill Mill

- **Defendant(s)**: Dr. Kofi Shaw-Taylor and nine other individuals.
- **Case Year**: 2017
- **State**: Maryland
- **Case Status**: In August 2017, local prosecutors charged Dr. Shaw-Taylor in Anne Arundel County Circuit Court with 289 counts including conspiracy to commit drug distribution and Medicaid fraud.
- **Description of Scheme**: Dr. Shaw-Taylor, a urologist, and his co-conspirators allegedly operated two clinics that doubled as pill mills, prescribing opioids and other controlled substances and billing Medicaid for drugs with no apparent medical purpose. The prescriptions led to the deaths of two patients.
- **Key Facts**:
 - Dr. Shaw-Taylor allegedly charged patients up to \$500 in cash per visit for prescriptions.
 - Approximately 1,083 Medicaid patients received prescriptions from Dr. Shaw-Taylor, 737 of whom had no corresponding medical visits.
 - From June 2015 through April 2017, for example, Dr. Shaw-Taylor is accused of prescribing 283,666 doses of oxycodone for 403 Medicaid beneficiaries. Of these Medicaid beneficiaries, 336 received prescriptions for opiates and benzodiazepines, a dangerous combination of drugs that the FDA has warned should not be taken together.
 - At least two of Dr. Shaw-Taylor's patients died from overdoses of the Medicaid-funded medications.

Sources:

1. Press Release, Brian E. Frosh, Md. Att'y Gen., Attorney General Frosh Announces Indictments Stemming From Multi-Agency, Multi-Jurisdictional Crackdown on Pill Mill Operators (Aug. 10, 2017), <http://www.marylandattorneygeneral.gov/press/2017/081017.pdf>.



Case Summary 4: Doctor Writes More Opioid Prescriptions than Entire Medical Staff

- **Defendant(s)**: Dr. Pawankumar Jain
- **Case Year**: 2016
- **State**: New Mexico
- **Case Status**: In February 2016, Dr. Jain pleaded guilty in U.S. District Court in New Mexico to unlawfully dispensing controlled substances and health care fraud. His sentencing is pending.
- **Description of Scheme**: Dr. Jain, a neurologist who operated a pain management practice in Las Cruces, prescribed painkillers to patients—including Medicaid and Medicare beneficiaries—with no legitimate medical purpose.
- **Key Facts**:
 - Prosecutors allege that Dr. Jain specifically targeted Medicaid and Medicare by submitting claims for prescription medications he dispensed outside the usual course of medical practice.
 - At least four people died of overdoses from the drugs—primarily oxycodone and methadone—Dr. Jain prescribed to them.
 - In 2011, Dr. Jain was the top prescriber of pain medicines in New Mexico, writing prescriptions for more than three million doses of medication to over 3,200 patients. The second-ranked prescriber was the entire staff of residents at the University of New Mexico Hospital, which prescribed 500,000 fewer doses for seven times as many patients.

Sources:

1. Press Release, U.S. Att’y Off., D.N.M., Pawankumar Jain Pleads Guilty to Unlawfully Dispensing Prescription Painkillers and Health Care Fraud (Feb. 11, 2016), <https://www.justice.gov/usao-nm/pr/pawankumar-jain-pleads-guilty-unlawfully-dispensing-prescription-painkillers-and-health>.
2. Press Release, U.S. Att’y Off., D.N.M., Pawan Jumar Jain Arraigned on Superseding indictment Adding New Charges of Unlawfully Dispensing Prescription Drugs and Health Care Fraud Resulting in Deaths, <https://www.justice.gov/usao-nm/pr/pawan-kumar-jain-arraigned-superseding-indictment-adding-new-charges-unlawfully>.
3. Leslie Linthicum, *State Medical Board Yanks Pain Doc’s License*, Albuquerque Journal, Jan. 3, 2013, <https://www.abqjournal.com/157301/state-medical-board-yanks-pain-docs-license.html>.



Case Summary 5: “It was like sex for pills.”

- **Defendant(s)**: Dr. Jose Jorge Abbud Gordinho
- **Case Year**: 2016
- **State**: West Virginia
- **Case Status**: In April 2016, Dr. Gordinho was sentenced to 8 years in prison after pleading guilty in U.S. District Court in West Virginia to illegally prescribing opioids and defrauding Medicaid and Medicare.
- **Description of Scheme**: Dr. Gordinho prescribed hydrocodone, an opioid pain reliever, for illegitimate purposes and billed Medicaid and Medicare for medically unnecessary services.
- **Key Facts**:
 - In exchange for illegitimate prescriptions, Dr. Gordinho requested sexual favors from female patients. “It was like sex for pills,” the sentencing judge quoted a clinic staff member as saying.
 - Dr. Gordinho continued to prescribe pain medications for patients who failed drug tests, contrary to standard medical practice.
 - The court ordered Dr. Gordinho to pay more than \$48,000 in restitution for defrauding Medicaid and Medicare.

Sources:

1. Press Release, U.S. Att’y Off., S.D. W. Va., Beckley Doctor Sentenced to Eight Years in Prison for Federal Drug Crime and Health Care Fraud (Apr. 27, 2016), <https://www.justice.gov/usao-sdvw/pr/beckley-doctor-sentenced-eight-years-prison-federal-drug-crime-and-health-care-fraud>.
2. Wendy Holdren, *Dr. Jose Gordinho Sentenced to Eight Years in Prison*, The Register Herald, Apr. 27, 2016, http://www.register-herald.com/news/dr-jose-gordinho-sentenced-to-eight-years-in-prison/article_43354491-0a46-5d00-9102-afe7f99b5166.html.
3. Press Release, U.S. Att’y Off., S.D. W. Va., Pain Doctor Indicted on Federal Drug Charges (Nov. 24, 2015), <https://www.fbi.gov/contact-us/field-offices/pittsburgh/news/press-releases/pain-doctor-indicted-on-federal-drug-charges>.



Case Summary 6: A Major Oxycodone Trafficker Who “Dealt Illegal Prescription Pills at the Taxpayers’ Expense.”

- **Defendant(s)**: Michael A. Mancusi
- **Case Year**: 2012
- **State**: New York
- **Case Status**: In October 2012, Mancusi pleaded guilty in Richmond County Criminal Court to multiple felonies, including criminal possession and grand larceny. The court sentenced him to seven years in prison.
- **Description of Scheme**: Following two car accidents, Mancusi fraudulently claimed serious injuries to obtain no-fault insurance benefits through Medicaid, along with Social Security Disability Insurance and Medicare. He allegedly then used the benefits to obtain prescriptions for pain medications, which he re-sold for a handsome profit.
- **Key Facts**:
 - From 2011 to 2012, Mancusi fraudulently received prescriptions for more than 6,000 oxycodone pills, as well as prescriptions for alprazolam (Xanax).
 - After filling the prescriptions, Mancusi and an accomplice sold them to buyers, generating more than \$75,000 in a single year from the sales.
 - Prosecutors called Mancusi “a major oxycodone trafficker” and said his conviction ended “a scheme that dealt illegal prescription pills at the taxpayers’ expense.”

Sources:

1. Press Release, Eric T. Schneiderman, N.Y. Att’y Gen., A.G. Schneiderman Announces Jail Sentence for Major Oxycodone Trafficker on Staten Island (Dec. 12, 2012), <https://ag.ny.gov/press-release/ag-schneiderman-announces-jail-sentence-major-oxycodone-trafficker-staten-island>.



Case Summary 7: Medicaid “Runners” and Stolen Prescription Pads

- **Defendant(s)**: Jimmie Lee Simmons, Shantel Williams, and James Marsh, along with four other co-defendants.
- **Case Year**: 2014
- **State**: New York
- **Case Status**: Simmons, Williams and Marsh were convicted in U.S. District Court in Rochester on charges related to obtaining and distributing pain medicine. The court sentenced Simmons to 6 months in prison; Williams to 12 months in prison, and Marsh to five years in prison. The other four defendants were convicted as well.
- **Description of Scheme**: Williams took prescription pads from the doctor’s office where she worked and wrote fraudulent prescriptions for OxyContin. The trio targeted Medicaid beneficiaries, known as “runners,” to fill the illicit prescriptions.
- **Key Facts**:
 - Simmons recruited people willing to use their Medicaid benefits to fill the fraudulent prescriptions. In return, the co-conspirators paid these individuals \$100 for each prescription charged to their Medicaid card.
 - Williams sold the fraudulent prescriptions to her co-conspirators for \$860 each.
 - In total, the Justice Department estimated that the group filled 47 prescriptions, with a street value of \$180,000. The trio was ordered to pay more than \$45,000 in restitution to Medicaid.

Sources:

1. Press Release, U.S. Att’y Off., W.D.N.Y., Seven People Arrested; Charged with Operating a Prescription Drug Ring (Dec. 13, 2012), <https://www.justice.gov/archive/usao/nyw/2012/DrugRing.pdf>.
2. Press Release, U.S. Att’y Off., W.D.N.Y., Rochester Man and Woman Sentenced in OxyContin Distribution Conspiracy (Sept. 25, 2014), <https://www.justice.gov/usao-wdny/pr/rochester-man-and-woman-sentenced-oxycontin-distribution-conspiracy>.
3. Press Release, U.S. Att’y Off., W.D.N.Y., Rochester Man Sentenced for His Role in OxyContin Conspiracy (Oct. 29, 2014), <https://www.justice.gov/usao-wdny/pr/rochester-man-sentenced-his-role-oxycontin-conspiracy>.



Case Summary 8: A Pharmacy Calls, a Drug Dealer Answers

- **Defendant(s)**: Nelson Quezada Sr. and his son, Riquelvin Quezada
- **Case Year**: 2016
- **State**: New York
- **Case Status**: Both individuals face drug charges and are awaiting trial. The senior Quezada has been charged with Operating as a Major Trafficker, the only New York state drug charge that carries a maximum sentence of life in prison.
- **Description of Scheme**: Father and son allegedly used stolen prescription pads to write fraudulent prescriptions for \$1.5 million worth of oxycodone. They recruited “runners” to fill the prescriptions with Medicaid cards. The pills were then resold on the black market at huge profit.
- **Key Facts**:
 - The Quezadas targeted Medicaid beneficiaries who lived in their Bronx neighborhood to fill the prescriptions at pharmacies in the Bronx and elsewhere. They paid runners up to a few hundred dollars per prescription.
 - The investigation identified 464 fraudulent oxycodone prescriptions, totaling more than 51,000 pills, with a street value of more than \$1.5 million.
 - The Quezadas forged prescriptions with blank paper containing the names of doctors not involved in the scheme. Most of the prescriptions contained a phone number, and if any pharmacies called to verify information, investigators believe a member of the drug ring answered the phone.

Sources:

1. Press Release, Off. of the Special Narcotics Prosecutor for N.Y.C., Father and Son Charged with Running Prescription Drug Trafficking and Forgery Ring (Mar. 9, 2016), http://www.nyc.gov/html/snp/downloads/pdf/pr_030916.pdf.



Case Summary 9: Four Million Hydrocodone and Millions in Medicaid Fraud

- **Defendant(s)**: Babubhai ‘Bob’ Patel; his brother, Vinod Patel; and 36 other defendants.
- **Case Year**: 2014
- **State**: Michigan
- **Case Status**: Bob Patel was convicted in U.S. District Court in Michigan after a seven-week trial in 2012 and sentenced to 17 years in prison. Vinod Patel was convicted in 2014 of conspiracy to commit health care fraud and conspiracy to pay health care kickbacks. In July 2017, his sentence was vacated by an appeals court and sent back to the district court for resentencing.
- **Description of Scheme**: Authorities say Bob Patel masterminded a massive health care fraud and drug distribution ring that paid kickbacks to physicians in exchange for patient referrals for home health care, which were billed to Medicaid and Medicare.
- **Key Facts**:
 - Vinod Patel hired marketers to find and recruit patients to visit physicians who worked with the home health services company he owned with his brother. In exchange for meeting with the physicians, Vinod Patel offered the patients prescription drugs, including opioid painkillers and Xanax.
 - Vinod Patel was arrested in connection with a larger investigation into his brother, Bob, who defrauded Medicaid and Medicare through his network of 26 pharmacies.
 - Bob Patel provided kickbacks and other illegal benefits to doctors in exchange for writing illegitimate prescriptions, to be filled at his pharmacies through Medicaid, Medicare, and private insurance.
 - In total, the scheme bilked Medicaid and Medicare out of more than \$60 million between 2006 and 2011 and dispensed more than 250,000 illicit dosages of oxycodone, along with four million dosages of hydrocodone.

Sources:

1. *United States v. Patel*, 694 Fed. Appx. 991 (6th Cir. 2017).
2. Press Release, U.S. Att’y Off., E.D. Mich., Thirteen Individuals Indicted in Health Care Fraud and Drug Distribution Scheme (Mar. 19, 2013), <https://www.justice.gov/usao-edmi/pr/thirteen-individuals-indicted-health-care-fraud-and-drug-distribution-scheme>.
3. Press Release, U.S. Att’y Off., E.D. Mich., Jury Convicts 38th Defendant in Health Care Fraud Scheme (July 21, 2014), <https://www.fbi.gov/contact-us/field-offices/detroit/news/press-releases/jury-convicts-38th-defendant-in-health-care-fraud-scheme>.



Case Summary 10: A Nurse Grabs Norco, and Medicaid Pays

- **Defendant(s)**: Stefanie Cook
- **Case Year**: 2017
- **State**: Mississippi
- **Case Status**: In January 2017, Cook was charged with Medicaid fraud and obtaining possession of a controlled substance by fraud, misrepresentation or subterfuge. Her trial is pending.
- **Description of Scheme**: Cook, a nurse who worked at a nursing center, allegedly stole prescription painkillers intended for a Medicaid patient at the nursing facility.
- **Key Facts**:
 - Cook worked as a registered nurse at the Covington County Nursing Center in Collins, Mississippi. She allegedly obtained Norco, a combination of acetaminophen and hydrocodone, from a patient.
 - The case illustrates that the nexus between Medicaid and opioids can extend from large-scale drug rings to individual medical professionals abusing their positions to obtain opioids.

Sources:

1. Press Release, Jim Hood, Miss. Att’y Gen., Collins Registered Nurse Arrested on Medicaid Fraud Charges (Jan. 27, 2017), <http://www.ago.state.ms.us/releases/collins-registered-nurse-arrested-on-medicaid-fraud-charges/>.



Case Summary 11: Former Medical Resident Uses Family to Defraud Medicaid

- **Defendant(s)**: Kyle Betts
- **Case Year**: 2017
- **State**: Missouri
- **Case Status**: Betts pleaded guilty in U.S. District Court in St. Louis to obtaining prescription drugs that contained controlled substances through misrepresentation, fraud, forgery, deception, and subterfuge. The judge sentenced him to three years of probation.
- **Description of Scheme**: Mr. Betts, a former medical resident, wrote more than 70 fraudulent prescriptions for opioid pain relievers such as Percocet and Norco, with some of the illicit drugs paid for by the Illinois Medicaid program and Medicare.
- **Key Facts**:
 - Betts, who worked at St. Louis University Hospital, wrote prescriptions using the names of six people, including family members and former romantic partners, though he did not have a physician-patient relationship with any of them.
 - Betts personally went to pharmacies and presented some of the fraudulent prescriptions.
 - The scheme extended from November 2014 through February 2016.

Sources:

1. Press Release, U.S. Att’y Off., E.D. Mo., Medical Resident Pleads Guilty to Fraudulently Obtaining Prescription Opioid Pain Medications (May 19, 2017), <https://www.justice.gov/usao-edmo/pr/medical-resident-pleads-guilty-fraudulently-obtaining-prescription-opioid-pain>.
2. *Former Medical Resident Admits Writing Fake Prescriptions*, Assoc. Press St. & Loc. (St. Louis), May 20, 2017.



Case Summary 12: Kickbacks At A Medical Clinic

- **Defendant(s)**: Natalia Dochim
- **Case Year**: 2016
- **State**: New York
- **Case Status**: Prosecutors charged Dochim with health care fraud, grand larceny, and money laundering.
- **Description of Scheme**: Dochim, aided by co-conspirators, is accused of luring Medicaid patients to her medical clinic by paying kickbacks and offering Suboxone prescriptions, defrauding Medicaid out of more than \$170,000.
- **Key Facts**:
 - Prosecutors alleged that Dochim, who operated the clinic, targeted Medicaid patients by presenting it as a legitimate substance abuse program.
 - In reality, prosecutors say, the clinic often failed to take obtain medical histories for patients, prescribed Suboxone at the maximum dosage, and sent patients to a purported detoxification program that consisted of vitamin injections, which is not an approved treatment for opioid addiction.
 - Dochim, through the clinic, allegedly billed Medicaid for services never provided, including spirometry, a pulmonary function test, and allergy testing. She is accused of laundering the illicit Medicaid funds she received through various shell companies.

Sources:

1. Press Release, Eric T. Schneiderman, N.Y. Att’y Gen., A.G. Schneiderman Announces Arrest of Clinic Operator for Allegedly Defrauding Medicaid by Offering Sham Substance Abuse Treatment (Nov. 3, 2016), <https://ag.ny.gov/press-release/ag-schneiderman-announces-arrest-clinic-operator-allegedly-defrauding-medicaid>.



Case Summary 13: Taking Patient Information at a Drug Treatment Center

- **Defendant(s)**: Shanta R. Barnes
- **Case Year**: 2015
- **State**: Louisiana
- **Case Status**: Barnes pleaded guilty in U.S. District Court in Baton Rouge to health care fraud and aggravated identify theft. A judge sentenced her to five years in prison, ordered her to pay \$17,582 in restitution and fined her \$25,000.
- **Description of Scheme**: As program director of an in-patient drug treatment center, Barnes used patient information, including Medicaid identification numbers, to obtain powerful opioids for her own use while defrauding Medicaid.
- **Key Facts**:
 - Barnes worked for Louisiana Health and Rehabilitation Options in Baton Rouge, where she gained access to patients' dates of birth and Medicaid identification numbers.
 - She used the information to obtain fraudulent prescriptions in the names of Medicaid recipients and caused the submission of false claims to Medicaid.
 - In less than a single year, Barnes obtained nearly 6,000 80-mg oxycodone pills through the scheme.

Sources:

1. Press Release, U.S. Att'y Off., M.D. La., Former Director of Detox Center Convicted of Health Care Fraud and Aggravated Identity Theft (Sept. 3, 2015), <https://www.justice.gov/usao-mdla/pr/former-director-detox-center-convicted-health-care-fraud-and-aggravated-identity-theft>.
2. Emily Lane, *Ex-director of Baton Rouge Drug Rehab Admits to Using Patient Info to Get Prescription Pills*, The Times-Picayune, Sept. 3, 2015, http://www.nola.com/crime/baton-rouge/index.ssf/2015/09/rehab_director_baton_rouge_med.html.



Case Summary 14: Abusing an Opioid Treatment Drug to Defraud Medicaid

- **Defendant(s)**: Dr. Richard Ng
- **Case Year**: 2014
- **State**: Massachusetts
- **Case Status**: Dr. Ng pleaded guilty in Suffolk Superior Court to submitting false Medicaid claims; excessive Medicaid charges, and illegal prescribing. The judge sentenced him to two-and-a-half years in prison, fined him \$10,000, and ordered him to pay approximately \$9,700 in restitution.
- **Description of Scheme**: Dr. Ng, the former head of a substance abuse clinic, defrauded Medicaid and fraudulently prescribed suboxone to patients by writing falsified treatment notes to justify the prescriptions.
- **Key Facts**:
 - Dr. Ng wrote prescriptions using false names for a number of patients, prescriptions that were funded by the Massachusetts Medicaid program.
 - Dr. Ng also charged patients, including Medicaid beneficiaries, a \$100 “new patient registration fee,” which was paid to him directly with cash or check. The fee was in addition to payments Dr. Ng received from Medicaid for his services, which violated state regulations.
 - For nine patients, Dr. Ng improperly wrote suboxone prescriptions, even though the patients were not taking suboxone and drug tests indicated they were still taking other opiates. To justify the prescriptions, he wrote false medical notes saying the patients had therapeutic levels of suboxone in their system and had been tolerating their suboxone treatment without difficulty.

Sources:

1. Press Release, Maura Healey, Mass. Att’y Gen., Milton Physician Pleads Guilty to Illegally Prescribing Drug Used to Treat Opiate Addiction (Mar. 14, 2014), <http://www.mass.gov/ago/news-and-updates/press-releases/2014/2014-03-14-ng-plea.html>.



Case Summary 15: Pennsylvania Suboxone Clinic

- **Defendant(s)**: Mark R. Foster and Terri C. Brown
- **Case Year**: 2017
- **State**: Pennsylvania
- **Case Status**: A federal grand jury indicted Foster and Brown in October 2017 in U.S. District Court in Pittsburgh on charges of health care fraud and unlawfully distributing controlled substances. They have pleaded not guilty.
- **Description of Scheme**: Prosecutors say Foster and Brown conspired at their suboxone clinic to create illicit prescriptions for opioids, some of which were fraudulently billed to Medicaid.
- **Key Facts**:
 - Brown owned and operated Cherry Way, a suboxone clinic in Bridgeville, with Foster serving as the clinic's medical director.
 - According to the indictment, the pair created unlawful prescriptions for suboxone, Percocet and Adderall, which were dispensed to Brown and others.
 - Brown then allegedly submitted fraudulent claims to Medicaid and a private insurer to cover the costs of the illicit prescriptions.

Sources:

1. Press Release, U.S. Att'y Off., W.D. Penn., Bridgeville Suboxone Clinic Operators Charged with Unlawful Distribution of Controlled Substances and Health Care Fraud (Oct. 20, 2017), <https://www.justice.gov/usao-wdpa/pr/bridgeville-suboxone-clinic-operators-charged-unlawful-distribution-controlled>.



Case Summary 16: “I’m Sorry I Failed to Behave Like a Physician”

- **Defendant(s)**: Dr. Chethan V. Byadgi and Dr. Rajaa Nebbari
- **Case Year**: 2017
- **State**: Pennsylvania
- **Case Status**: Dr. Byadgi and Dr. Nebbari pleaded guilty in Lackawanna County Court of Common Pleas to conspiracy to commit unentitled reimbursement, theft by deception, and insurance fraud. They were each sentenced to 9 to 23 months in jail, followed by 12 years of probation, and ordered to pay nearly \$200,000 in restitution. The judge also banned the pair from participating in the Medicaid and Medicare programs as providers for five years.
- **Description of Scheme**: Dr. Byadgi and Dr. Nebbari had untrained staff members write suboxone prescriptions for drug addicts while the doctors submitting false insurance claims showing the physicians had performed the services. Court documents said the pair fraudulently collected more than \$169,000 in reimbursements from Medicaid, Medicare, and private insurers.
- **Key Facts**:
 - The investigation began when a former medical assistant who worked with the doctors at walk-in clinics in Scranton contacted authorities. The medical assistant said she treated and wrote prescriptions for suboxone patients never seen by doctors, who were often absent from the clinics. The medical assistant was not a licensed practitioner in Pennsylvania.
 - Clinic patients told investigators that they rarely met with the doctors and were treated by medical assistants.
 - The presiding judge told Dr. Byadgi and Dr. Nebbari at sentencing: “You had the ability to intervene in their lives and to make their life better. Neither one of you took that responsibility.”
 - Dr. Nebbari, apologized to the judge: “I’m sorry I failed to behave like a physician.”

Sources:

1. Joseph Kohut, *Attorney General Charges Two Clinic Doctors with Insurance Fraud*, The Times Tribune (Scranton, Penn.), Oct. 21, 2015, <http://thetimes-tribune.com/news/state-attorney-general-charges-two-clinic-doctors-with-insurance-fraud-1.1960523>.
2. Peter Cameron, *Doctors to Jail for Fraudulently Prescribing Addiction Treating Drugs*, The Times-Tribune (Scranton, Penn.), Mar. 30, 2017.



Case Summary 17: “Defrauding The Medicaid System to Illegally Obtain Narcotics Is Dangerous and Feeds Cycle of Abuse”

- **Defendant(s)**: William Martinez
- **Case Year**: 2015
- **State**: New York
- **Case Status**: Martinez pleaded guilty in Monroe County Court to criminal possession of a controlled substance. The judge sentenced him to 1 ½ years in prison and ordered him to pay restitution to the Medicaid program.
- **Description of Scheme**: Mr. Martinez posed as a doctor to unlawfully obtain opioids using his Medicaid card.
- **Key Facts**:
 - In 2015, Martinez contacted a CVS pharmacy in Rochester falsely claiming to be an emergency room doctor.
 - Martinez called in a Percocet prescription for himself and then picked up the illegally obtained drugs, paying with his Medicaid benefits card.

Sources:

1. Press Release, Eric T. Schneiderman, N.Y. Att’y Gen., A.G. Schneiderman Announces Guilty Plea of Former Rochester Pharmacy Technician Who Posed As Doctor to Illegally Obtain Prescription Narcotics (May 15, 2015), <https://ag.ny.gov/press-release/ag-schneiderman-announces-guilty-plea-former-rochester-pharmacy-technician-who-posed>.
2. Press Release, Eric T. Schneiderman, N.Y. Att’y Gen., A.G. Schneiderman Announces Sentencing of Rochester Man Who Posed As Doctor in Order to Illegally Obtain Drugs (May 29, 2015), <https://ag.ny.gov/press-release/ag-schneiderman-announces-sentencing-rochester-man-who-posed-doctor-order-illegally>.



Case Summary 18: Woman Sells Her Own Hydrocodone

- **Defendant(s)**: Pamela Sue Gilbertson
- **Case Year**: 2011
- **State**: Indiana
- **Case Status**: In July 2011, a judge sentenced Gilbertson to two years of probation after she pleaded guilty in Jefferson County Circuit Court to possession of a narcotic drug.
- **Description of Scheme**: Gilbertson obtained Medicaid-funded hydrocodone through her own prescriptions and sold some of the pills on the black market.
- **Key Facts**:
 - Indiana State Police arrested Gilbertson, who had no previous criminal record, in May 2010.
 - Law enforcement acted on a tip that Gilbertson had been selling her pills.
 - The original charges, dropped as part of Gilbertson's plea deal, included dealing of a controlled substance.
 - Gilbertson admitted she used Medicaid, along with disability insurance, to purchase the hydrocodone she sold to others.

Sources:

1. *Probation for Madison Woman Who Sold Pills*, MADISON COURIER (July 26, 2011), <https://madisoncourier.com/Content/News/News/Article/Probation-for-Madison-woman-who-sold-pills/178/961/64234>.



Case Summary 19: Pennsylvania Addiction Clinic-Turned-Pill Mill

- **Defendant(s)**: Dr. Dominic W. Dileo
- **Case Year**: 2017
- **State**: Pennsylvania
- **Case Status**: Dr. Dileo pleaded guilty in July 2016 in U.S. District Court in Pittsburgh to distributing Xanax and conspiracy to distribute Suboxone. A judge sentenced him to one year in prison.
- **Description of Scheme**: Dileo was head doctor of a Pennsylvania addiction clinic that illegally distributed prescription pain pills and defrauded Medicaid. Three other clinic employees pleaded guilty in the scheme.
- **Key Facts** :
 - The scheme involved the illegal distribution of Suboxone, a drug used to treat opiate addiction that also can be addictive. Authorities described the clinic as a “pill mill.”
 - Prosecutors said clinic employees defrauded Medicaid by submitting bills for services they knew were not covered and by falsifying medical records in preparation for a federal audit.

Sources:

1. Press Release, U.S. Att’y Off. W. Dist. of Pa., Health Care Fraud Charge Filed in Fayette County Addiction Specialists Inc. Case (April, 6, 2016), <https://www.justice.gov/usao-wdpa/pr/health-care-fraud-charge-filed-fayette-county-addiction-specialists-inc-case>.
2. Pharmacy Choice, *Former Methadone Clinic Owners Owe \$314K in Penalties*, https://www.pharmacychoice.com/news/article.cfm?Article_ID=1767152.
3. Paul Peirce, *Uniontown Doctor Dileo Indicted in Pills Scheme*, TRIB LIVE, <http://triblive.com/news/regional/9872278-74/sugarmann-clinic-counts> (last visited Nov. 22, 2017).
4. Mark Hofmann, *Former North Union Methadone Clinic Operator Sentenced to One Year in Prison in Pill-Mill Case*, HERALD STANDARD (July 27, 2017), http://www.heraldstandard.com/news/local_news/former-north-union-methadone-clinic-operator-sentenced-to-one-year/article_149953df-d2a4-5330-83fc-1edd90533622.html
5. Joe Mandak, *Methadone Clinic Operator Gets Prison for Health Care Fraud*, AP (July 27, 2017), <https://www.usnews.com/news/best-states/pennsylvania/articles/2017-07-27/methadone-clinic-operator-faces-prison-in-pill-mill-case>



Case Study 20: Doctor Shopping at Medicaid’s Expense

- **Defendant(s)**: James Jeffrey Bond
- **Case Year**: 2015
- **State**: Tennessee
- **Case Status**: Bond pleaded guilty in Sumner County Circuit Court to committing fraud.
- **Description of Scheme**: Bond improperly obtained opioid painkillers using benefits from TennCare, Tennessee’s version of Medicaid.
- **Key Facts**:
 - A resident of Gallatin, Bond defrauded Medicaid to obtain illicit Oxycodone, Hydrocodone and Tramadol.
 - He engaged in the scheme by going “doctor shopping”—seeking out different doctors to obtain controlled substances. Studies show that people seeking opioids most commonly engage in doctor shopping.
 - Bond was on probation from a similar charge when he was arrested again and charged with defrauding Medicaid.

Sources:

1. Case Disposition, *Tennessee v. Bond*, No. 83CC1-2014-CR-859 (Tenn. Crim. Ct. Mar. 26, 2015).
2. Chris Butler, *James Bond Allegedly Ripped Off Tennessee Taxpayers, Feds Seem Apathetic*, Watchdog.org, Nov. 11, 2014, https://www.watchdog.org/news/james-bond-allegedly-ripped-off-tennessee-taxpayers-feds-seem-apatetic/article_0f30f69c-4683-5b97-a19b-b2bc250e72da.html.
3. Chris Elkins, *Doctor Shopping for Prescription Drugs*, DrugRehab.com., <https://www.drugrehab.com/addiction/prescription-drugs/doctor-shopping/>.



Case Study 21: Cheating Medicaid out of Almost a Million Dollars

- **Defendant(s)**: Dr. Diana Williamson and eight co-defendants.
- **Case Year**: 2012
- **State**: New York
- **Case Status**: Dr. Williamson pleaded guilty in U.S. District Court in Manhattan to conspiracy to distribute oxycodone and conspiracy to commit health care fraud. A federal judge sentenced her to three years in prison, fined her \$17,500, and ordered her to pay \$301,000 in restitution and forfeiture. All eight co-defendants pleaded guilty and have been sentenced.
- **Description of Scheme**: Dr. Williamson defrauded Medicaid out of more than \$300,000 by writing bogus oxycodone and Percocet prescriptions for about 30 patients at a Harlem clinic. She blamed her actions on what she called an alternate personality named “Nala.”
- **Key Facts**:
 - Williamson, a Manhattan-based primary care physician, wrote prescriptions that resulted in her patients obtaining about 11,000 oxycodone pills through health care fraud. Her patients had no legitimate need for the medication.
 - The patients then sold the pain pills to a drug ring, which peddled them on the street for up to \$33 each.
 - Medicaid wound up reimbursing nearly \$1 million in drug expenses attributable to the oxycodone prescriptions that Williamson wrote.
 - Preet Bharara, then-U.S. attorney in Manhattan, stated that Williamson “violated the central tenet of being a doctor—to first do no harm—and cheated an already-strapped Medicaid system out of almost a million dollars.”

Sources:

1. *Doctor Who Supplied Oxycodone Ring Sentenced In Manhattan Federal Court to 36 Months in Prison*, Targeted News Service, Dec. 19, 2012.
2. Daniel Miller, *My Alternate Personality Made Me Defraud Medicaid of \$300,000, Claims Doctor*, DailyMail.com, Oct. 2, 2012, <http://www.dailymail.co.uk/news/article-2211698/Diana-Williamson-My-alternate-personality-defraud-Medicare-hundreds-thousands.html>.
Bruce Golding, *Dueling Alter-Egos of Harlem Pill Peddle Doc Have Made Peace*, N.Y. Post, Oct. 8, 2012, <https://nypost.com/2012/10/08/dueling-alter-egos-of-harlem-pill-peddle-doc-have-made-peace/>.



Case Summary 22: A Chiropractic Clinic that Fed Opioid Addiction

- **Defendant(s)**: Dr. Edward Sweeney, Dr. Mark Boles, and Dr. Jack Taylor
- **Case Year**: 2016
- **State**: Pennsylvania
- **Case Status**: Dr. Sweeney pleaded guilty in 2015 to participating in a corrupt organization, after originally being charged with Medicaid fraud, and was sentenced to two years of probation. Dr. Boles pleaded no contest in 2016 to participating in a corrupt organization, also after originally being charged with Medicaid fraud. A judge sentenced him to five years of probation. Dr. Taylor pleaded guilty in 2016 to insurance fraud and was sentenced to seven years of probation.
- **Description of Scheme**: Doctors operating out of a chiropractic clinic illegally prescribed OxyContin, oxycodone, hydrocodone, and other controlled substances in return for insurance reimbursements.
- **Key Facts**:
 - Authorities said the doctors prescribed the illicit drugs to people who did not need the medications and were using them “as a ruse in order to feed their addictions.”
 - The chiropractic clinic received more than \$2 million in insurance reimbursements over five years.
 - Pennsylvania Attorney General Kathleen G. Kane said the evidence showed “that these physicians believed they were above the law and what’s worse, they allegedly preyed upon drug-addicted patients to line their own pockets.” She added that “Doctors are supposed to help free patients from the grip of addiction, not put them into the throes of it.”

Sources:

1. Press Release, Kathleen G. Kane, Penn. Att’y Gen., Three Doctors Charged in Prescription Drug, Theft Scheme at Pittsburgh-area Chiropractic Clinic (Jan. 1, 2014), https://www.attorneygeneral.gov/Media_and_Resources/Press_Releases/Press_Release/?pid=374.
2. Molly Born, *3 Charged With Illegal Prescriptions In Rostraver*, Pittsburgh Post-Gazette, Jan. 17, 2014, <http://www.post-gazette.com/local/region/2014/01/17/2-Allegheny-County-doctors-Westmoreland-County-chiropractor-charged-in-drug-scheme/stories/201401170133>.



3. Rich Cholodofsky, *Belle Vernon Chiropractor Given Probation for Insurance Fraud*, TRIBLive, Feb. 21, 2017, <http://triblive.com/local/westmoreland/11975227-74/taylor-clinic-probation>.
4. Rich Cholodofsky, *Doctor Gets Probation for Rostraver Pain Clinic Insurance Scam*, TRIBLive, Aug. 3, 2017, <http://triblive.com/local/westmoreland/12581290-74/doctor-gets-probation-for-belle-vernon-pain-clinic-insurance-scam>.



Case Summary 23: Woman Accused of Impersonating Her Twin Sister to Get Medicaid-Funded Opioids

- **Defendant(s)**: Ruby Anne Clement
- **Case Year**: 2014
- **State**: Georgia
- **Case Status**: Prosecutors charged Clement with forgery in 2014.
- **Description of Scheme**: Clement allegedly impersonated her twin sister to secure prescription medication, which was billed to Medicaid.
- **Key Facts**:
 - Clement allegedly began posing as her twin sister, who had been in jail, to obtain pain care treatments at a medical facility.
 - Prosecutors accused Clement of receiving a lumbar procedure while impersonating her sister and getting a prescription afterward for oxycodone.
 - After receiving a second oxycodone prescription, Clement went back to the clinic, where she was met by deputies and arrested.

Sources:

1. Aimee Jones, *Woman Poses As Twin For Pain Meds*, The Rockdale Citizen, July 17, 2014.



Case Summary 24: “Those Pills Are More Serious than Cocaine and Heroin”

- **Defendant(s)**: Doraymus Robinson and Carolyn Richardson
- **Case Year**: 2017
- **State**: New York
- **Case Status**: Richardson pleaded guilty in April 2017 to conspiracy to distribute oxycodone. A judge sentenced her to 12 years in prison. Robinson pleaded guilty to the same charge in March 2017 and received eight years in prison.
- **Description of Scheme**: The duo created fake prescription pads using an authentic Drug Enforcement Administration number of an unrelated doctor. Posing as this doctor, they fraudulently wrote and filled prescriptions for opioids, paying for the drugs with Medicaid cards or cash, and re-selling the medication on the street.
- **Key Facts**:
 - Law enforcement officials recovered Medicaid and government identification cards belonging to dozens of individuals, which were used to write the fake prescriptions.
 - When authorities first arrested Richardson, she possessed 252 oxycodone pills, 230 methadone tablets, and 108 Xanax pills. Three months later, authorities again arrested Richardson after she filled new prescriptions for 180 oxycodone and 120 methadone tablets
 - At sentencing, a judge scolded Robinson for “buying . . . literally thousands, thousands of oxycodone pills and selling them for substantial amounts of money [T]hose pills are more serious than cocaine and heroin.”

Sources:

1. Press Release, U.S. Att’y Off., E.D.N.Y., Staten Island Woman Sentenced to 12 Years’ Imprisonment For Illegal Distribution of Oxycodone (Aug. 2, 2017), <https://www.justice.gov/usao-edny/pr/staten-island-woman-sentenced-12-years-imprisonment-illegal-distribution-oxycodone>.
2. Complaint, *United States v. Richardson*, No. 1:16-cr-00461 (N.Y. Magis. Ct. July 26, 2016).
3. Paul Frangipane, *Brooklyn Judge Scolds Pill Peddler for Contributing to Opioid Crisis, Gets Eight Years*, Brooklyn Daily Eagle, June 28, 2017, <http://www.brooklyneagle.com/articles/2017/6/28/brooklyn-judge-scolds-pill-peddler-contributing-opioid-crisis-gets-eight-years>.



4. Mira Wassef, *South Beach Woman Pleads Guilty to Running Prescription Drug Ring*, Staten Island Live, Apr. 26, 2017, http://www.silive.com/news/2017/04/south_beach_woman_pleads_guilt.html.



Case Summary 25: Defrauding Medicaid In Several Ways

- **Defendant(s)**: Dr. Fernando Jayma
- **Case Year**: 2017
- **State**: Massachusetts
- **Case Status**: In May 2017, a judge sentenced Dr. Jayma to two-and-a-half years in jail after he pleaded guilty in Berkshire Superior Court to Illegal Prescribing of Controlled Substances, Medicaid False Claims, and Larceny.
- **Description of Scheme**: Dr. Jayma prescribed opioids to patients, many of whom are substance abusers, with no medical purpose. Many of these patients filled the illicit prescriptions with Medicaid cards.
- **Key Facts**:
 - Dr. Jayma defrauded Medicaid by asking another doctor to see his patients when he was away, even though the doctor was not credentialed as a Medicaid practitioner. Dr. Jayma's staff then billed Medicaid as if Dr. Jayma had seen the patients himself.
 - Dr. Jayma ignored red flags of patients' substance abuse as he continued to prescribe them oxycodone and other opioids.
 - In 2013, Dr. Jayma was the second-highest prescriber of oxycodone within the Massachusetts Medicaid system, prescribing opiates at 11 times the average rate.

Sources:

1. Press Release, Maura Healey, Mass. Att'y Gen., Ludlow Doctor Sentenced to Jail for Illegally Prescribing Opioids to At-Risk Patients (May 16, 2017), <http://www.mass.gov/ago/news-and-updates/press-releases/2017/2017-05-16-ludlow-doctor-sentenced.html>.
2. Press Release, Maura Healey, Mass. Att'y Gen., Ludlow Doctor Pleads Guilty in Connection with Illegally Prescribing Opioids to At-Risk Patients (Apr. 4, 2017), <http://www.mass.gov/ago/news-and-updates/press-releases/2017/2017-04-04-ludlow-doctor-pleads-guilty.html>.
3. Buffy Spencer, *Ludlow Doctor Fernando Jayma Finally Makes it to Court, Denies Illegally Prescribing Opioids and Other Charges*, Mass. Live, Dec. 17, 2015, http://www.masslive.com/news/index.ssf/2015/12/ludlow_doctor_fernando_jayma_d.html.



Case Summary 26: Jury Convicts Doctor Of Health Care Fraud

- **Defendant(s)**: Dr. George Kudmani
- **Case Year**: 2017
- **State**: Kentucky
- **Case Status**: A federal jury convicted Dr. Kudmani in January 2017 in U.S. District Court in Louisville of unlawfully distributing controlled substances and health care fraud. A judge sentenced him to four years in prison.
- **Description of Scheme**: Dr. Kudmani prescribed medically unnecessary opioids to patients in exchange for cash and billed Medicaid for medically unnecessary transvaginal ultrasounds.
- **Key Facts**:
 - Dr. Kudmani charged new patients \$75 for gynecological exams and \$35 in cash for subsequent visits for refills of oxycodone and hydrocodone.
 - Medicaid paid Dr. Kudmani \$555.73 for each ultrasound.
 - Dr. Kudmani never actually performed some of the ultrasounds. For others, his office never prepared procedure reports for patients.
 - The court ordered Dr. Kudmani to pay \$77,384 in restitution to Kentucky's Medicaid program for fraudulent billing.

Sources:

1. Press Release, U.S. Att'y Off., W.D. Ky., Louisville Physician Sentenced to 48 Months in Prison for Unlawful Distribution of Controlled Substances and Health Care Fraud (June 5, 2017), <https://www.justice.gov/usao-wdky/pr/louisville-physician-sentenced-48-months-prison-unlawful-distribution-controlled>.
2. Press Release, U.S. Att'y Off., W.D. Ky., Louisville Physician Convicted of Unlawful Distribution of Controlled Substances and Health Care Fraud (Jan. 26, 2017), <https://www.justice.gov/usao-wdky/pr/louisville-physician-convicted-unlawful-distribution-controlled-substances-and-health>.



Case Summary 27: Forging Opioid Prescriptions Using Real Doctors' Names

- **Defendant(s)**: Barry Lee Dorsey, II; Tyeshia Renee Dorsey; and Zachary Edward Rathke
- **Case Year**: 2017
- **State**: Pennsylvania
- **Case Status**: In March 2017, a federal grand jury of the U.S. District Court in Pittsburgh indicted all three defendants on charges including conspiracy to commit offenses against the United States and health care fraud. In July 2017, Rathke pleaded guilty to conspiracy and in October 2017, Mr. Dorsey pleaded guilty to conspiracy and aggravated identity theft. Both are awaiting sentencing. Ms. Dorsey's trial is scheduled for 2018.
- **Description of Scheme**: The three defendants allegedly forged prescriptions, filled them using Medicaid benefits, and sold the drugs on the street for substantial profit.
- **Key Facts**:
 - Medicaid was the primary funding mechanism of the fraudulent prescriptions, which were mostly for Oxycodone or Percocet.
 - The defendants forged the prescriptions using the names, medical license numbers, and signatures of real doctors.

Sources:

1. Press Release, U.S. Att'y Off., W.D. Penn., Three Pittsburgh Residents Charged in Forged Prescription Ring (Mar. 6, 2017), <https://www.justice.gov/usao-wdpa/pr/three-pittsburgh-residents-charged-forged-prescription-ring>.
2. Case Proceedings, *United States v. Dorsey*, No. 2:17-cr-50 (W.D. Penn. Mar. 3, 2017).



Case Summary 28: Car Crash Leads To Opioid Addiction, Medicaid Fraud

- **Defendant(s)**: Ashley Bardell
- **Case Year**: 2017
- **State**: Connecticut
- **Case Status**: In February 2017, a judge sentenced Bardell to 40 months in prison after she pleaded guilty in Bristol Superior Court to sale of narcotics. Authorities also charged five other individuals.
- **Description of Scheme**: As part of a prescription drug ring, Bardell filled illicit prescriptions for oxycodone and paid for most of the prescriptions with her Medicaid insurance.
- **Key Facts**:
 - According to the Drug Enforcement Administration, the prescriptions that Bardell used to purchase opioids came from a forged doctor's prescription pad.
 - Bardell received a total of 600 Oxycodone tablets with the fraudulent prescriptions, some of which she later sold for cash.
 - Bardell's attorney told the court that Bardell became dependent on painkillers when she was prescribed Percocet following a car accident in 2014.

Sources:

1. Justin Muszynski, *Terryville Woman Sentenced to 40 Months in Prison in Connection With DEA Investigation*, The Bristol Press, Feb. 1, 2017.
2. *Police Arrest Third Suspect in Prescription Drug Fraud Ring*, Coalition Against Insurance Fraud, Apr. 6, 2016, <http://www.insurancefraud.org/IFNS-detail.htm?key=22426>.



Case Summary 29: Millions Of Doses Of Opioids After Little Medical Examination

- **Defendant(s)**: Dr. Abbey Akinwumi
- **Case Year**: 2016
- **State**: Michigan
- **Case Status**: Dr. Akinwumi pleaded guilty in November 2015 in U.S. District Court in Detroit to prescribing pain medicine outside the bounds of legitimate medical practice. A judge sentenced her to seven years in prison.
- **Description of Scheme**: Dr. Akinwumi prescribed large amounts of medically unnecessary opioids, defrauding Medicaid on behalf of patients receiving the drugs, which were then re-sold on street.
- **Key Facts**:
 - In total, Dr. Akinwumi admitted to issuing, without medical justification, more than 500,000 dosage units of Roxycodone, 300,000 dosage units of Opana, and more than 2 million dosage units of hydrocodone.
 - She wrote many of these prescriptions after only a cursory examination of the patient, or with no examination at all.
 - In exchange for the prescriptions, Dr. Akinwumi billed the patients' Medicaid insurance, along with Medicare and private insurance, for medically unnecessary procedures that included draining abscesses and repairing wounds.

Sources:

1. Press Release, U.S. Att'y Off., E.D. Mich., Doctor Sentenced to 84 Months in Prison for Distributing Prescription Drugs (Mar. 1, 2016), <https://www.justice.gov/usao-edmi/pr/doctor-sentenced-84-months-prison-distributing-prescription-drugs>.



Case Summary 30: Operation Pill Count

- **Defendant(s)**: Timothy E. Riley and Darla L. Jackson
- **Case Year**: 2016
- **State**: Ohio
- **Case Status**: In December 2016, Jackson pleaded guilty in Perry County Common Pleas Court to aggravated trafficking in drugs.. In March 2016, authorities charged Riley with felony drug trafficking and permitting drug abuse.
- **Description of Scheme**: Jackson filled her prescription for Oxycodone, then re-sold the drugs on the street. The case was part of a broader prescription drug investigation in which prosecutors charged 12 people. Medicaid funded many of the illicit prescriptions.
- **Key Facts**:
 - Detectives watched Jackson fill her prescription for oxycodone at a pharmacy and then sell the pills to customers waiting outside in the parking lot.
 - Riley allegedly pre-arranged those drug sales outside the pharmacy.
 - The broader investigation was known as “Operation Pill Count.”

Sources:

1. Staff Report, *Seven Drug-Related Arrests Made in Perry County*, Times Recorder (Zanesville), Mar. 15, 2016, <http://www.zanesvilletimesrecorder.com/story/news/local/2016/03/15/seven-drug-related-arrests-made-perry-county/81829566/>
2. Perry County Sheriff’s Office, FACEBOOK (Mar. 15, 2016), https://www.facebook.com/permalink.php?story_fbid=345019148955811&id=177828085674919.
3. *Common Pleas Court*, Perry County Tribune, Dec. 27, 2016.



Case Summary 31: An Oxycodone Distribution Mill, At Medicaid's Expense

- **Defendant(s)**: Kian Gohari
- **Case Year**: 2016
- **State**: New York
- **Case Status**: A federal jury in March 2017 convicted Gohari in U.S. District Court in Manhattan of conspiracy to distribute narcotics and conspiracy to commit mail fraud. A judge sentenced him to 30 months in prison.
- **Description of Scheme**: Gohari owned a pharmacy in Brooklyn, where he distributed more than 25,000 medically unnecessary oxycodone pills, billing the majority of the pills to Medicaid and defrauding the program out of hundreds of thousands of dollars.
- **Key Facts**:
 - Gohari distributed the illicit oxycodone pills to a co-conspirator who brought him prescriptions for high-end medications—including HIV drugs and expensive pain gels—many of which were also medically unnecessary.
 - Authorities said Gohari billed Medicaid for these high-end prescriptions for hundreds of thousands of dollars, in addition to fraudulently billing Medicaid for the majority of the oxycodone pills.
 - Gohari's co-conspirator sold the oxycodone pills in Brooklyn and Manhattan.
 - Preet Bharara, then-U.S. attorney in Manhattan, said Gohari “turned his Brooklyn pharmacy into an illegal oxycodone distribution mill.”

Sources:

1. Press Release, U.S. Att’y Off., S.D.N.Y., Pharmacist Kian Gohari Convicted in Manhattan Federal Court for Conspiring to Distribute Oxycodone and Conspiring to Commit Healthcare Fraud (Nov. 10, 2016), <https://www.justice.gov/usao-sdny/pr/pharmacist-kian-gohari-convicted-manhattan-federal-court-conspiring-distribute>.
2. Press Release, U.S. Att’y Off., S.D.N.Y., Pharmacist and Four Other Individuals Charged in Manhattan Federal Court in Oxycodone Distribution Scheme (Mar. 1, 2016), <https://www.justice.gov/usao-sdny/pr/pharmacist-and-four-other-individuals-charged-manhattan-federal-court-oxycodone>.
3. Sentencing, *United States v. Cabrera*, 227 F. Supp. 3d 313 (S.D.N.Y. Accessed Jan. 10, 2018).



Case Summary 32: Medically Unnecessary Opioids Lead to Four Patient Deaths

- **Defendant(s)**: Dr. Charles Fred Gott
- **Case Year**: 2016
- **State**: Kentucky
- **Case Status**: In June 2015, a federal grand jury in U.S. District Court in Bowling Green indicted Dr. Gott on charges of conspiracy to distribute and dispense controlled substances without a legitimate medical purpose, health care fraud, and money laundering. In July 2016, he was indicted on further charges related to the death of several of his patients. He has pleaded not guilty, and his trial is scheduled to begin in February 2018.
- **Description of Scheme**: Dr. Gott allegedly prescribed medically unnecessary opioids, including pills to patients who died as a result of the medication. Prosecutors allege Dr. Gott fraudulently billed Medicaid, Medicare, and private insurance for office visits and for expensive, medically unnecessary tests.
- **Key Facts**:
 - At least four of Dr. Gott's patients died, authorities said, as a result of the medically unnecessary medications he prescribed, which included Methadone, Hydrocodone, Clonazepam, and Oxymorphone.
 - To bolster his billings to Medicaid, Medicare, and private insurance, Dr. Gott allegedly directed staff to administer medically unnecessary electrocardiogram and spirometry tests to patients.

Sources:

1. Press Release, FBI, Bowling Green Physician Charged with Conspiracy to Dispense Controlled Substances, Health Care Fraud, and Money Laundering (June 16, 2015), <https://www.fbi.gov/contact-us/field-offices/louisville/news/press-releases/bowling-green-physician-charged-with-conspiracy-to-dispense-controlled-substances-health-care-fraud-and-money-laundering>.
2. Press Release, U.S. Att'y Off., W.D. Ky., Bowling Green Physician Charged with Unlawful Distribution and Dispensing of Controlled Substance Causing Serious Physical Injury and/or Death, Health Care Fraud Resulting in Death, and Conspiracy to Dispense Controlled Substances (July 13, 2016), <https://www.justice.gov/usao-wdky/pr/bowling-green-physician-charged-unlawful-distribution-and-dispensing-controlled>.



Case Summary 33: Doctor Writes Fraudulent Opioid Prescriptions, Defunds Medicaid

- **Defendant(s)**: Dr. John Terry; Thomas Ray; and Stephen Heffner, Jr.
- **Case Year**: 2016
- **State**: Pennsylvania
- **Case Status**: Dr. Terry pleaded guilty in January 2016 in U.S. District Court in Williamsport to writing fraudulent oxycodone prescriptions. A judge sentenced him to 20 months in prison. Ray pleaded guilty to possession with intent to distribute a controlled substance and was sentenced to 71 months in prison. Heffner pleaded guilty to theft or embezzlement in connection with health care and was sentenced to six months of probation.
- **Description of Scheme**: Dr. Terry wrote fraudulent opioid prescriptions for Ray and in Heffner's name, defrauding Medicaid and Medicare.
- **Key Facts**:
 - Prosecutors said Terry wrote oxycodone prescriptions for Ray that showed reckless disregard because the drugs were medically unnecessary and were resold on the street. Medicaid paid for these prescriptions.
 - Terry wrote other fraudulent oxycodone prescriptions in Heffner's name, even though Heffner was not his patient and the drugs were intended for someone else. Medicare funded those prescriptions.
 - After authorities searched his office in 2013, Dr. Terry voluntarily surrendered his medical license and Drug Enforcement Administration registration.

Sources:

1. Press Release, U.S. Att'y Gen., M.D. Penn., Tioga County Physician and Drug Dealer Sentenced for Health Care Fraud (May 26, 2016), <https://www.justice.gov/usao-mdpa/pr/tioga-county-physician-and-drug-dealer-sentenced-health-care-fraud>



Case Summary 34: Selling Opioids To Undercover Police

- **Defendant(s)**: James “Tank” Williamson
- **Case Year**: 2014
- **State**: New Jersey
- **Case Status**: Williamson pleaded guilty in Camden County Superior Court to distribution of a controlled dangerous substance. A judge sentenced him to seven years in prison.
- **Description of Scheme**: Williamson sold prescription narcotics to an undercover investigator, part of a larger probe into doctors and pharmacies suspected of illegally diverting drugs through Medicaid beneficiaries.
- **Key Facts**:
 - In his plea agreement, Williamson admitted that he sold oxycodone to an undercover investigator between October 2012 and January 2013.
 - According to authorities, Williamson also sold more than an ounce of Percocet pills to an undercover officer during three transactions at a Camden restaurant.

Sources:

1. Press Release, John J. Hoffman, N.J. Att’y Gen., Camden County Man Pleads Guilty to Distributing Prescription Narcotics to Undercover Investigator (Feb. 7, 2014), <http://nj.gov/oag/newsreleases14/pr20140207a.html>.
2. Christopher Silvestri, *Crime Update; Phila. Man Facing DUI Charge*, Courier-Post (Cherry Hill), Mar. 16, 2014.



Case Summary 35: Visiting A Doctor, Lying About Needing Opioids

- **Defendant(s)**: Brandy Archie
- **Case Year**: 2015
- **State**: Missouri
- **Case Status**: Archie pleaded guilty in December 2015 in U.S. District Court in St. Louis to health care fraud and possession with intent to distribute prescription drugs. A federal judge sentenced her to one year and one day in prison.
- **Description of Scheme**: Ms. Archie sold Medicaid-funded pain pills and other drugs.
- **Key Facts**:
 - Between October 2014 and January 2015, Archie sold nearly 1,000 doses of Percocet, Adderall, and other drugs.
 - Archie visited a doctor numerous times and falsely stated she needed prescription drugs for her medical conditions. She later admitted she had always intended to sell the medication.

Sources:

1. Press Release, U.S. Att’y Gen., E.D. Mo., Local Woman Sentenced on Health Care Fraud Charges (Mar. 25, 2016), <https://www.justice.gov/usao-edmo/pr/local-woman-sentenced-health-care-fraud-charges>.
2. Robert Patrick, *St. Louis Woman Admits Pill Fraud*, St. Louis Post-Dispatch, Dec. 4, 2015, http://www.stltoday.com/news/local/crime-and-courts/st-louis-woman-admits-pill-fraud/article_df2b3d77-7d48-56e0-b9fd-e8e7bbb09371.html.



Case Summary 36: Pill Mill With A Motorcycle Club; ‘The Cat In The Hat’ From The Stand

- **Defendant(s)**: Dr. William J. O’Brien III
- **Case Year**: 2016
- **State**: Pennsylvania
- **Case Status**: A federal jury in U.S. District Court in Philadelphia convicted Dr. O’Brien on charges including conspiracy to distribute controlled substances, distribution of controlled substances resulting in death, conspiracy to commit money laundering, conspiracy to commit bankruptcy fraud; and making false statements under oath in a bankruptcy proceeding. A judge sentenced him to 30 years in prison.
- **Description of Scheme**: Dr. O’Brien, who practiced osteopathic medicine, operated a “pill mill” with members of a motorcycle club. The pill mill dispensed and resold hundreds of thousands of oxycodone and methadone pills. Medicaid paid for some of the medication.
- **Key Facts**:
 - Members of the conspiracy sold controlled substances worth about \$5 million. Dr. O’Brien pocketed an estimated \$2 million in proceeds.
 - Dr. O’Brien mounted “an unorthodox defense that included asking a witness to read Dr. Seuss’ *The Cat in the Hat* from the witness stand.”
 - Nick DiGiulio, of the Department of Health and Human Services Office of Inspector General, said after the verdict: “We are thankful the jury saw the obvious—that the defendant is a dangerous person exploiting his medical license to operate as a drug dealer.”

Sources:

1. Jeremy Roebuck, *Bucks County Pill-Mill Doc Sentenced to 30 Years for Peddling Prescriptions to Pagans, Prostitutes*, *The Inquirer*, Oct. 6, 2016, http://www.philly.com/philly/news/20161006_Bucks_County_pill_mill_doc_sentenced_to_30_years_for_peddling_prescriptions_to_Pagans_prostitutes.html.
2. Press Release, U.S. Att’y Off., E.D. Penn., *Jury Finds Philadelphia Doctor Guilty of Running Pill Mill and Causing a Death Through Illegal Distribution* (June 29, 2016), <https://www.justice.gov/usao-edpa/pr/jury-finds-philadelphia-doctor-guilty-running-pill-mill-and-causing-death-through>.



3. *Superseding Indictment Adds Charges and Members of the Pagans to Pill Mill Case Against Pennsylvania Doctor*, Legal Monitor Worldwide, July 17, 2015.
4. John George, *Local Doctor, Pagans Motorcycle Club Members Charged in Pill Mill Case*, Phila. Bus. J., July 16, 2015,
<https://www.bizjournals.com/philadelphia/blog/health-care/2015/07/pagans-moto-pill-mill-oxycodone-obrien-charges.html>.



Case Summary 37: Pharmacy-Hopping With A Medicaid Card

- **Defendant(s)**: Earl Kearson
- **Case Year**: 2015
- **State**: Connecticut
- **Case Status**: Prosecutors charged Kearson with possession of narcotics, insurance fraud, forgery, and illegally obtaining a controlled substance.
- **Description of Scheme**: Mr. Kearson was accused of unlawfully filling a prescription for 120 Oxycodone pills using his Medicaid card.
- **Key Facts**:
 - Kearson allegedly presented a prescription, which was written by a doctor at a cancer hospital, for the oxycodone at a CVS store.
 - The pharmacist became suspicious and alerted police, saying there had been a rash of questionable prescriptions in recent weeks.
 - Detectives verified that the oxycodone prescription had been previously filled at a Walgreens with Kearson's Medicaid account.

Sources:

1. *Man Accused of Forging Prescription*, Record-Journal (Conn.), Aug. 8, 2015.



Case Summary 38: Massive Amounts Of Opioids, Multiple Patients And Medicaid Fraud

- **Defendant(s)**: Dr. John Katsetos
- **Case Year**: 2015
- **State**: Connecticut
- **Case Status**: Dr. Katsetos pleaded guilty in U.S. District Court in Hartford to conspiracy to distribute and to possess with intent to distribute narcotics, and health care fraud. He was sentenced to seven years in prison, ordered to pay \$497,789 in restitution and ordered to forfeit \$550,000, which was the value of his medical practice.
- **Description of Scheme**: Dr. Katsetos, who practiced medicine for more than 20 years, prescribed more than two million dosages of highly addictive opioids to more than 2,000 patients, defrauding Medicaid and Medicare.
- **Key Facts**:
 - Dr. Katsetos failed to perform rudimentary examinations of patients to justify giving them oxycodone and other medications. He had been previously warned about his prescription practices by a doctor and several pharmacists, some of whom stopped filling the prescriptions.
 - Dr. Katsetos saw multiple patients at once and billed Medicaid and Medicare for individual visits for each of those patients. At least one former patient, who traveled approximately 180 miles to receive prescriptions from Dr. Katsetos, died of an overdose.
 - Deirdre M. Daly, then-U.S. attorney for Connecticut, said Dr. Katsetos “repeatedly violated his oath to protect his patients from harm,” and “flooded our community with highly addictive controlled substances.”

Sources:

1. Press Release, U.S. Att’y Off., Conn., Doctor Sentenced to 7 Years in Prison for Illegally Prescribing Narcotics, Defrauding Government Programs (Nov. 4, 2015), <https://www.justice.gov/usao-ct/pr/doctor-sentenced-7-years-prison-illegally-prescribing-narcotics-defrauding-government>.
2. *Former Milford, Stamford Doctor Gets 7 Years for Illegally Prescribing Narcotics, Healthcare Fraud*, New Haven Register, Nov. 4, 2015, <http://www.nhregister.com/article/NH/20151104/NEWS/151109750>.



Case Summary 39: So Many Opioids the Pharmacy Can't Keep Up

- **Defendant(s)**: Dr. Sam Jahani and Dr. Eric A. Peper
- **Case Year**: 2015
- **State**: Colorado
- **Case Status**: Dr. Jahani pleaded guilty in 2015 in U.S. District Court in Denver to conspiracy. A judge sentenced him to six months in prison. Dr. Peper pleaded guilty to conspiracy and received a sentence of time served.
- **Description of Scheme**: According to court documents, the two doctors prescribed large amounts of opioid pain relievers to patients without medical need for the drugs, defrauding Medicaid, Medicare and private insurers. Several patients died of overdoses.
- **Key Facts**:
 - Pharmacists told authorities that Dr. Jahani and Dr. Peper, who worked together at a clinic, prescribed oxycodone at such high levels that pharmacies had trouble keeping the drug in stock.
 - Emergency department personnel reported visits from numerous Jahani and Peper patients on dangerously high levels of narcotics.
 - A government expert determined that many patients seen by the two doctors were prescribed opioids with virtually no physical examination and little examination of their medical histories.
 - Court documents said the duo fraudulently billed Medicaid, Medicare and private insurers for office visits associated with the illicit prescriptions.

Sources:

1. Plea Agreement, *United States v. Peper*, No. 11-cr-00302 (D. Co. 2015).
2. Katharhynn Heidelberg, *Two Years Contemplated for Jahani*, The Montrose Daily Press, Nov. 7, 2015.
3. *Second Doctor Pleads Guilty in Colorado Painkiller Case*, CBS Denver, Nov. 7, 2015, <http://denver.cbslocal.com/2015/11/07/second-doctor-pleads-guilty-in-colorado-painkiller-case/>.
4. *No Jail Time For Former Colorado Doctor Accused Of Overprescribing Painkillers*, Denver 7 News, Feb. 25, 2016, <http://www.thedenverchannel.com/news/local-news/no-jail-time-for-former-colorado-doctor-accused-of-overprescribing-painkillers>.



5. Press Release, U.S. Att’y Off., Co., Two Former Western Colorado Doctors Indicted for Illegally Prescribing Controlled Substances (Aug. 9, 2011), https://www.justice.gov/archive/usao/co/news/2011/August2011/8_9_11.html.



Majority Staff Report
Committee on Homeland Security and Governmental Affairs
United States Senate

Case Summary 40: Cheap Opioids Lead To Medicaid Fraud

- **Defendant(s)**: David Piaquadio
- **Case Year**: 2015
- **State**: Pennsylvania
- **Case Status**: Authorities charged Piaquadio in 2015 in U.S. District Court in Williamsport with conspiracy to distribute controlled substances, possession with intent to distribute controlled substances, and distribution of controlled substances. He pleaded not guilty, and his trial is scheduled for January, 2018.
- **Description of Scheme**: Piaquadio allegedly obtained opioids through prescriptions for himself and others, defrauding Medicaid in the process.
- **Key Facts**:
 - Court documents show Piaquadio obtained more than 5,000 oxycodone and Percocet tablets and more than 180 fentanyl patches with a doctor's prescription from pharmacies in Pennsylvania.
 - Prosecutors accuse Piaquadio of submitting claims to Medicaid for the drugs.
 - Piaquadio also allegedly obtained oxycodone and Percocet tablets and fentanyl patches from other people who had prescriptions for the drugs and were eligible for Medicaid and Medicare.

Sources:

1. Indictment, *United States v. Piaquadio*, No. 4:15-cr-00249-CCC (M.D. Penn. Oct. 22, 2015).
2. Press Release, U.S. Att'y Off., M.D. Penn, Potter County Man Indicted for Distribution of Prescription Opiates and Heroin (Oct. 22, 2015), <https://www.justice.gov/usao-mdpa/pr/potter-county-man-indicted-distribution-prescription-opiates-and-heroin>.



Case Summary 41: Pain-Relief Creams and Medicaid Fraud

- **Defendant(s)**: Dr. Elena Lev Polukhin, Boris Leo Rabichev, and Richard Wayne Custer.
- **Case Year**: 2016
- **State**: Minnesota
- **Case Status**: Dr. Polukhin pleaded guilty in 2016 in U.S. District Court in St. Paul to soliciting and receiving kickbacks. A judge sentenced her to 18 months in prison and ordered her to pay \$421,329 in restitution. Rabichev pleaded guilty in 2015 to conspiracy and received a sentence of 18 months in prison. Custer pleaded guilty in 2015 to conspiracy and was sentenced to four years of probation.
- **Description of Scheme**: Dr. Polukhin conspired with a pharmacy manager and a pharmacist to defraud Medicaid and Medicare for topical pain-relief creams while also writing illegitimate prescriptions for oxycodone and morphine.
- **Key Facts**:
 - Dr. Polukhin specialized in pain management and rehabilitation, and the vast majority of her patients were Medicaid or Medicare beneficiaries.
 - From February 2011 through December 2014, Dr. Polukhin arranged with Best Aid Pharmacy to fill prescriptions written by her for topical pain-relief creams containing pain relievers and other drugs.
 - Dr. Polukhin received kickbacks from Best Aid in the form of payments to a charitable trust she controlled.

Sources:

1. Allie Johnson, *Charges: Minn. Doctor Collected \$40k Writing Fake Pain Cream Prescriptions*, Fox 9, Sept. 23, 2015, <http://www.fox9.com/news/bloomington-minn-doctor-indicted-for-writing-false-prescriptions-in-exchange-for-money>.
2. Press Release, FBI, Bloomington Pain Management Doctor Indicted for Accepting Kickbacks as Part of Large-Scale Health Care Fraud Scheme (Sept. 23, 2015), <https://www.fbi.gov/contact-us/field-offices/minneapolis/news/press-releases/bloomington-pain-management-doctor-indicted-for-accepting-kickbacks-as-part-of-large-scale-health-care-fraud-scheme>.



3. Jon Tevlin, *Sometimes Trusted Professionals Fuel Opioid Epidemic*, Star Tribune, June 7, 2016, <http://www.startribune.com/tevlin-sometimes-trusted-professionals-fuel-opioid-epidemic/382173071/>.



Case Summary 42: “We Will Not Allow Medicaid To Pay For Drugs That Were Illegally Obtained”

- **Defendant(s)**: Linda Masse
- **Case Year**: 2015
- **State**: New York
- **Case Status**: Masse pleaded guilty in 2015 in Schenectady County Court to criminal possession of a forged instrument. A judge sentenced her to felony drug court.
- **Description of Scheme**: Masse admitted to forging her employer’s signature to obtain hydrocodone and oxycodone from pharmacies, drugs that were paid for by Medicaid.
- **Key Facts**:
 - Masse, who worked for a physician specializing in Obstetrics and Gynecology, used 18 forged prescriptions from her employer’s practice to get narcotics from pharmacies at Walmart and CVS.
 - During the scheme, Masse obtained more than 2,000 hydrocodone and oxycodone pills.
 - New York Attorney General Eric T. Schneiderman said after announcing the guilty plea: “Forgery and Medicaid fraud are blatant abuse of the trust and privileges afforded to medical professionals Above all, we will not allow Medicaid to pay for drugs that were illegally obtained.”

Sources:

1. Press Release, Eric T. Schneiderman, N.Y. Att’y Gen., A.G. Schneiderman Announces Guilty Plea of Capital Region Nurse for Illegally Obtaining More Than 2,000 Narcotics Using Forged Prescriptions (Sept. 10, 2015), <https://ag.ny.gov/press-release/ag-schneiderman-announces-guilty-plea-capital-region-nurse-illegally-obtaining-more>.
2. *Latham Nurse Admits to Forging Painkiller Prescriptions*, Times Union, Sept. 10, 2015, <http://www.timesunion.co.ag.ny.govm/local/article/Latham-nurse-admits-to-forging-painkiller-6496766.php>.



Case Summary 43: Forging Prescriptions to Get Medicaid-Funded Oxycodone

- **Defendant(s)**: Michael James Lott
- **Case Year**: 2015
- **State**: Idaho
- **Case Status**: Lott pleaded guilty in 2015 in U.S. District Court in Boise to acquiring and obtaining a controlled substance by misrepresentation, fraud, and deception and false statement relating to health care matters. A judge sentenced him to three years of probation.
- **Description of Scheme**: Lott used forged prescriptions to obtain Medicaid-funded oxycodone.
- **Key Facts**:
 - Lott admitted that he began altering his legitimate prescriptions to fill the prescriptions ahead of schedule. Eventually, Lott began forging new prescriptions altogether.
 - In April 2014, Lott filled a fraudulent oxycodone prescription and submitted it to Medicaid for payment.
 - The Drug Enforcement Administration investigated the case, along with the Department of Health and Human Services Office of Inspector General and state and local law-enforcement officials.

Sources:

1. Press Release, U.S. Att’y Off., Idaho, California Man Pleads Guilty to Obtaining a Controlled Substance by Fraud and Billing Medicaid for a Fraudulent Prescription (June 3, 2015), <https://www.justice.gov/usao-id/pr/california-man-pleads-guilty-obtaining-controlled-substance-fraud-and-billing-medicaid-0>.



Case Summary 44: Gym Owner Sells Oxy, Bills Medicaid

- **Defendant(s)**: Scott Rabine
- **Case Year**: 2015
- **State**: New York
- **Case Status**: Rabine pleaded guilty in 2015 in Warren County Court to criminal sale of a controlled substance and grand larceny. The court sentenced him to 10 years in prison.
- **Description of Scheme**: Rabine sold prescription painkillers outside a gym he owned and fraudulently pocketed more than \$4,600 in Medicaid benefits.
- **Key Facts** :
 - Rabine’s gym, Spartan Fitness, was popular with local high school students and athletes.
 - Rabine sold undercover police officers Medicaid-funded oxycodone pills at least four times outside of the facility. One of the sales was for 134 pills, and all of them were captured on video and audio.
 - At sentencing, Rabine’s lawyer argued that he had sold “relatively small amounts” of painkillers that were legitimate medications, not “drugs that destroy lives” like heroin or crack cocaine. Prosecutors rejected that characterization.

Sources:

1. Don Lehman, *Glens Falls Gym Owner Arrested in Drug, Steroid Case*, The Post Star, July 17, 2014, http://poststar.com/news/local/glens-falls-gym-owner-arrested-in-drug-steroid-case/article_57b34fb0-0df2-11e4-b8dc-0019bb2963f4.html.
2. Don Lehman, *Former Gym Owner Pleads Guilty to Drug, Fraud Charges*, The Post Star, Feb. 20, 2015, http://poststar.com/news/local/former-gym-owner-pleads-guilty-to-drug-fraud-charges/article_19e16b44-b94c-11e4-96ca-3b5bda3625d2.html.
3. Don Lehman, *Former Gym Owner Gets 10-Year Sentence for Drug Sales, Welfare Fraud*, The Post Star, Apr. 24, 2015, http://poststar.com/news/local/former-gym-owner-gets--year-sentence-for-drug-sales/article_b8a71144-d46a-54f1-a292-cb2bcc1113da.html.



Case Summary 45: A Stash Of \$1 Million Cash

- **Defendant(s)**: Dr. Hussein “Sam” Awada
- **Case Year**: 2015
- **State**: Michigan
- **Case Status**: In February 2015, Dr. Awada pleaded guilty in U.S. District Court in Detroit to writing prescriptions for controlled medications without medical justification and to health care fraud. The judge sentenced him to seven years in prison, and Dr. Awada agreed to forfeit seized assets to repay the government \$2.3 million.
- **Description of Scheme**: Dr. Awada worked with co-conspirators to recruit patients with Medicaid, Medicare, and private insurance coverage, prescribing them opioids and billing for unnecessary medical procedures and tests that were never performed. Co-conspirators then bought the pills back from the “patients” and resold them to street drug dealers.
- **Key Facts**:
 - From 2010 through 2012, Dr. Awada wrote fraudulent prescriptions for 80,000 doses of oxycodone and Roxicodone.
 - Dr. Awada admitted to defrauding Medicaid, Medicare, and Blue Cross Blue Shield out of about \$2.3 million.
 - Prosecutors alleged that Dr. Awada stashed \$1 million cash in his house and sent some of his illicit profits to Lebanon.

Sources:

1. Press Release, U.S. Att’y Off., E.D. Mich., Warren Doctor Sentenced for Unlawful Oxycodone Prescriptions and Health Care Fraud (Nov. 16, 2015), <https://www.justice.gov/usao-edmi/pr/warren-doctor-sentenced-unlawful-oxycodone-prescriptions-and-health-care-fraud>.
2. Press Release, DEA, Two Michigan Doctors Plead Guilty to Unlawful Distribution of Controlled Substance Painkillers and Health Care Fraud (Feb. 11, 2015), <https://www.dea.gov/divisions/det/2015/det021115.shtml>.
3. Press Release, U.S. Att’y Off., E.D. Mich., Detroit Area Doctors Charged with Illegal Distribution of Prescription Drugs and Health Care Fraud (June 21, 2013), <https://www.justice.gov/usao-edmi/pr/detroit-area-doctors-charged-illegal-distribution-prescription-drugs-and-health-care>.



4. Jennifer Chambers, *Warren Physician Delays Start of Prison Term for Fraud*, The Detroit News, Apr. 29, 2016, <http://www.detroitnews.com/story/news/local/macomb-county/2016/04/29/warren-physician-fraud-sentence-delayed/83702148/>.



Case Summary 46: Kickbacks To Doctors And Middle East Bank Accounts

- **Defendant(s)**: Waleed Yaghmour
- **Case Year**: 2014
- **State**: Michigan
- **Case Status**: Yaghmour pleaded guilty in 2014 in U.S. District Court in Detroit to conspiracy to distribute and possess with intent to distribute controlled substances, and money laundering. The court sentenced him to six years in prison, and he agreed to forfeit nearly \$1 million seized from a bank account he maintained in the Middle East. At least 40 other people were charged in what prosecutors called a large-scale health care fraud and drug distribution scheme. Nearly all have been convicted.
- **Description of Scheme**: Yaghmour owned a pharmacy that participated in a fraud scheme in which owners of home health agencies gave kickbacks to doctors who prescribed medically unnecessary opioids and medical services, defrauding Medicaid, Medicare and private insurers.
- **Key Facts**:
 - Yaghmour admitted to fraudulently dispensing 1,500 oxycodone, 100,000 hydrocodone, and 100,000 alprazolam doses, knowing that the medications had no legitimate medical purpose.
 - Some medications billed to Medicaid, Medicare and private insurance under the scheme were never provided to patients.
 - Yaghmour received nearly \$2 million in cash payments, nearly half of which was kept in the foreign bank account.
 - The Drug Enforcement Administration believes the drugs distributed in this scheme traveled along U.S. Route 23 into Ohio and West Virginia.

Sources:

1. Press Release, U.S. Att’y Off., E.D. Mich., Former Pharmacist Sentenced for Role in Drug Distribution Scheme and Money Laundering (Feb. 6, 2015), <https://www.justice.gov/usao-edmi/pr/former-pharmacist-sentenced-rolein-drug-distribution-scheme-and-money-laundering>.
2. Press Release, DEA, Forty-Four Michigan and Ohio Residents Indicted in Scheme to Illegally Divert and Distribute Rx Drugs Along “US-23 Pipeline” (Mar. 20, 2013), <https://www.dea.gov/divisions/det/2013/det032113.shtml>.



Case Summary 47: The Largest Drug Dealer In A Small Town

- **Defendant(s)**: Dr. Lafayette Twyner
- **Case Year**: 2014
- **State**: Iowa
- **Case Status**: Dr. Twyner pleaded guilty in 2014 in U.S. District Court in Des Moines to illegally dispensing hydrocodone resulting in death, and health care fraud. A federal judge sentenced him to five years in prison.
- **Description of Scheme**: Dr. Twyner prescribed pain medications to patients with no legitimate medical need, including self-admitted addicts. In exchange for the illegitimate prescriptions, he billed the patients' insurance, including Medicaid and Medicare, for office visits where they sought drugs.
- **Key Facts**:
 - Prosecutors alleged that Dr. Twyner prescribed 920 hydrocodone pills to a single patient in just two months.
 - Dr. Twyner continued to prescribe pain medication to patients who showed signs of abuse. For example, Dr. Twyner proscribed hydrocodone for an undercover police officer who said he no longer needed the medication but he liked how it made him feel.
 - In calling for Dr. Twyner to serve prison time, prosecutors described him as “the largest drug dealer” in the small town of Newton, Iowa. “He was neither naïve nor inexperienced,” prosecutors wrote. “He knew exactly what he was doing and its impact on the lives of those he was supposed to be helping.”

Sources:

1. Press Release, U.S. Att’y Off., S.D. Iowa, Former Newton Doctor Sentenced to 5 Years in Prison for Prescribing Controlled Substances Outside the Course of Usual Medical Practice and Related Health Care Fraud (May 30, 2014), <https://www.justice.gov/usao-sdia/pr/former-newton-doctor-sentenced-5-years-prison-prescribing-controlled-substances-outside>.
2. Press Release, FBI, Former Newton Doctor Indicted for Prescribing Controlled Substances Outside the Course of Usual Medical Practice and Related Health Care Fraud (Nov. 5, 2012), <https://archives.fbi.gov/archives/omaha/press-releases/2012/former-newton-doctor-indicted-for-prescribing-controlled-substances-outside-the-course-of-usual-medical-practice-and-related-health-care-fraud>.



3. Tony Leys, *5-Year Sentence for Ex-Newton Doctor in Painkiller Case*, Des Moines Reg., May 29, 2014, <https://www.desmoinesregister.com/story/news/crime-and-courts/2014/05/29/ex-newton-doctor-twyner-gets-5-year-sentence-in-painkiller-case/9738041/>.



Case Summary 48: Pill Mill In The Land Of Lincoln

- **Defendant(s)**: Dr. Viwathna Bhuthimethee
- **Case Year**: 2014
- **State**: Illinois
- **Case Status**: Dr. Bhuthimethee pleaded guilty in 2014 in U.S. District Court in Springfield to health care fraud and illegal distribution of a controlled substance. The judge sentenced him to one year in prison.
- **Description of Scheme**: Dr. Bhuthimethee defrauded Medicaid at the walk-in clinic he owned by prescribing opioid pain medications to patients with no medical need for the drugs.
- **Key Facts**:
 - Dr. Bhuthimethee prescribed hydrocodone and Xanax with no legitimate medical purposes, including to some patients who had already failed drug tests and overdosed on the medication.
 - For example, authorities said, the doctor prescribed more than 2,000 illicit painkiller or anti-anxiety pills to four women over a two-year period.
 - Stephen R. Wigginton, then-U.S. attorney in Iowa, said Dr. Bhuthimethee “did not operate a legitimate medical practice, but instead was engaged in a scheme to distribute controlled substances illegally, thereby defrauding Health Care Benefit Programs, namely, Illinois Medicaid, by running what was in essence a prescription service for drug addicts, commonly known as a ‘Pill Mill.’”
 - “As I have long noted,” Wigginton added, “whether you are a doctor, a lawyer, a pharmacist, or an accountant, you cannot hide behind a license and a diploma.”

Sources:

1. Press Release, U.S. Att’y Off., S.D. Ill., Alton Doctor Sentenced On Charges of Health Care Fraud and Illegal Dispensation of Controlled Substances (Apr. 3, 2014), <https://www.justice.gov/usao-sdil/pr/alton-doctor-sentenced-charges-health-care-fraud-and-illegal-dispensation-controlled>.
2. Press Release, FBI, Alton Doctor Pleads Guilty to Health Care Fraud and Illegal Dispensation of Controlled Substances (Feb. 14, 2014), <https://archives.fbi.gov/archives/springfield/press-releases/2014/alton-doctor-pleads-guilty-to-health-care-fraud-and-illegal-dispensation-of-controlled-substances>.
3. Press Release, U.S. Att’y Gen., S.D. Ill., Alton Doctor Pleads Guilty to Health Care Fraud and Illegal Dispensation of Controlled Substances (Feb. 14, 2014),



<https://www.justice.gov/usao-sdil/pr/alton-doctor-pleads-guilty-health-care-fraud-and-illegal-dispensation-controlled>.

4. The Associated Press, *Alton Doctor Sentenced in 'Pill Mill' Case*, The St. J. Reg., Apr. 4, 2014, <http://www.sj-r.com/article/20140404/NEWS/140409670>.



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Case Summary 49: A Few Hydrocodone Pills at Taxpayer Expense

- **Defendant(s)**: Shawna Russell Smith
- **Case Year**: 2014
- **State**: Mississippi
- **Case Status**: The state attorney general's Medicaid Fraud Control Unit charged Smith in Union County with Medicaid fraud and illegally obtaining a controlled substance.
- **Description of Scheme**: Smith, a registered nurse, allegedly took hydrocodone from patients, defrauding Medicaid in the process.
- **Key Facts**:
 - According to the indictment, Smith worked as a nurse at a care center in New Albany, Mississippi.
 - Authorities allege Smith misappropriated for her own use one tablet of hydrocodone that had been prescribed for a patient. Smith allegedly filed a claim for reimbursement with the Mississippi Division of Medicaid.
 - Smith also allegedly obtained hydrocodone from two other patients and converting them to her own use.
 - Even though it involved a small amount of opioids, the case shows that the connection between Medicaid and opioids can extend from major pill mills to minimal drug diversions, all at taxpayer expense.

Sources:

1. Press Release, Jim Hood, Miss. Att'y Gen., New Albany Nurse Arrested for Medicaid Fraud and Illegally Obtaining a Controlled Substance (Apr. 30, 2014), <http://www.ago.state.ms.us/releases/new-albany-nurse-arrested-for-medicaid-fraud-and-illegally-obtaining-a-controlled-substance/>.
2. Lynn West, 'Operation Fish Net' Hauls in 46, Chickasaw Journal, May 10, 2014, http://www.djournal.com/chickasaw/news/operation-fish-net-hauls-in/article_7dd7e75d-ac88-5a98-b1d6-59305d0a9001.html.



Case Summary 50: Five Doctors for Opioids

- **Defendant(s)**: Kari Ann Monroe
- **Case Year**: 2014
- **State**: North Carolina
- **Case Status**: Sheriff’s deputies arrested Monroe in Moore County in 2014 on multiple charges including Medicaid fraud, obtaining a controlled substance by withholding information from a health care provider, and trafficking opium.
- **Description of Scheme**: Monroe allegedly visited five different doctors to obtain prescriptions for opioids, a practice commonly known as “doctor shopping.”
- **Key Facts**:
 - Monroe received prescriptions for a range of opioids, including Oxycodone, Oxymorphone, Opana, and Suboxone.
 - Authorities charged Monroe with seeing the five doctors between January 2013 and December 2013.

Sources:

1. *Carthage Woman Faces Drug Charges*, The Pilot, Jan. 3, 2014.



Case Summary 51: From Pain Pills to Pakistan

- **Defendant(s)**: Dr. Syed Jawad Akhtar-Zaidi
- **Case Year**: 2014
- **State**: Ohio
- **Case Status**: In August 2014, a federal grand jury in the U.S. District Court in Cleveland indicted Dr. Zaidi on charges of health care fraud, money laundering, conspiracy to distribute controlled substances, and distribution of controlled substances. Later that year, Dr. Zaidi missed his arraignment and is now a fugitive believed to be living in Pakistan.
- **Description of Scheme**: Dr. Zaidi ran a pain management clinic where he allegedly enriched himself, prescribing large amounts of illicit opioids and fraudulently billing Medicaid and other insurers for office visits with no medical purpose.
- **Key Facts**:
 - Prosecutors accused Dr. Zaidi of prescribing thousands of doses of OxyContin, Percocet, vicodin, and morphine to patients without adequately verifying their identity or medical history or performing a complete medical examination.
 - With no legitimate medical need for the opioids, Dr. Zaidi then allegedly billed Medicaid, Medicare, and private insurers for office visits that should have been used to help diagnose patients.
 - Dr. Zaidi reportedly instructed staff not to report patients they suspected of “drug seeking” or “doctor shopping” to law enforcement.
 - The Department of Justice sought to seize more than \$4.8 million in accounts controlled by Dr. Zaidi, along with 139 pieces of jewelry worth more than \$90,000. In 2016, a federal appeals court upheld a judge’s order of forfeiture of the seized assets.

Sources:

1. Press Release, U.S. Att’y Off., N.D. Ohio, Solon Doctor Indicted for Health Care Fraud and Illegally Distributing Prescription Painkillers (Aug. 28, 2014), <https://www.justice.gov/usao-ndoh/pr/solon-doctor-indicted-health-care-fraud-and-illegally-distributing-prescription>.
2. *United States v. Akhtar-Zaidi*, Nos. 15-3909/15-4090 (6th Cir. 2016).



Case Summary 52: Medicaid-funded Opioids in her Children's Names

- **Defendant(s)**: Felicia L. Prysock
- **Case Year**: 2017
- **State**: South Carolina
- **Case Status**: Prysock pleaded guilty in November 2017 in U.S. District Court in Columbia to aggravated identify theft and possession of a controlled substance by forgery. She is scheduled to be sentenced in February 2018.
- **Description of Scheme**: Prysock filled forged opioid prescriptions in the names of her children and used Medicaid to pay for them.
- **Key Facts**:
 - According to court documents, Prysock filled 10 fraudulent prescriptions in her children's names between July 2016 and April 2017. Medicaid paid for the drugs.
 - Prosecutors say the medications included oxycodone, hydrocodone, and Adderall.
 - U.S. Attorney Beth Drake stated that the Department of Justice "continues to vigorously prosecute those who deal prescription drugs to our most vulnerable citizens, many of whom suffer from debilitating addictions."

Sources:

1. Press Release, U.S. Att'y Off., S.C., Wellford Woman Indicted for Forged Prescriptions (Sept. 20, 2017), <https://www.justice.gov/usao-sc/pr/wellford-woman-indicted-forged-prescriptions>.
2. Grand Jury Indictment, *United States v. Prysock*, No. 3:17-cr-00860-TLW (S.C.D.C. Sept. 20, 2017).



Case Summary 53: Prosecutors: Doctor and Pharmacists Defrauded Medicaid

- **Defendant(s)**: Dr. James E. Ranochak, Brent A. Losier, and Charles Ringger
- **Case Year**: 2017
- **State**: Indiana
- **Case Status**: A federal grand jury in Hammond indicted Dr. Ranochak, Losier and Ringger in June 2017 on charges of conspiracy to illegally dispense and distribute controlled substances, distributing a controlled substance, and conspiracy to commit health care fraud. All have pleaded not guilty, and their trial is scheduled for June 2018.
- **Description of Scheme**: Prosecutors allege that the three conspired to defraud the Indiana Medicaid program by submitting thousands of dollars in fraudulent claims for medically unnecessary opioids and for controlled substances dispensed to patients who had not been seen by a doctor.
- **Key Facts**:
 - Dr. Ranochak stands accused of working with Losier, a pharmacy owner, and Ringger, a pharmacist, to prescribe hydrocodone and methadone, along with testosterone, to patients without medical need for the drugs. Many of these prescriptions were billed to Medicaid.
 - To increase the amount Losier’s pharmacy could bill Medicaid per patient, Dr. Ranochak allegedly prescribed non-controlled medications to patients. The trio then allegedly required patients to fill these prescriptions before they could obtain their pain medications, which are controlled substances.
 - Prosecutors alleged that Losier dispensed medication to patients using pre-signed prescriptions when Dr. Ranochak was on vacation.
 - Dr. Ranochak reportedly told patients he would charge more for office visits if they came back for refills on pain medicine before their prescriptions ended.

Sources:

1. Press Release, U.S. Att’y Off., N.D. Ind., Three Arrested in the Fort Wayne Area as Part of the National Health Care Fraud Takedown (July 13, 2017), <https://www.justice.gov/usao-ndin/pr/three-arrested-fort-wayne-area-part-national-health-care-fraud-takedown>.
2. Indictment, *United States v. Ranochak*, No. 2:17-cr-00073-JVB-APR (N.D. Ind. June 22, 2017).



3. Press Release, Curtis Hill, Ind. Att’y Gen., Attorney General Hill and Staff Contribute to Largest Healthcare Fraud Takedown in U.S. History (July 13, 2017).



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Case Summary 54: Stolen Prescription Pad Sends Opioids to the Street

- **Defendant(s)**: Jennifer Bicego, Luke Gutkowski, Dustin Fritz, Trisha Burkett, Jona Lafferty, Lance Roe, Charles Loveall, Brandon Madden, Andrew Pell, and Rachel Vito
- **Case Year**: 2017
- **State**: Michigan
- **Case Status**: Prosecutors charged all 10 individuals in East Lansing 54B District Court in January 2017 on counts related to Medicaid fraud and obtaining controlled substances by fraud.
- **Description of Scheme**: Prosecutors allege that the defendants used a stolen prescription pad to defraud Medicaid and sell opioids on the street.
- **Key Facts**:
 - The felony criminal complaint says the scheme originated with Bicego, who unlawfully obtained a prescription pad from a doctor's office where she had worked. The pad was then used to forge prescriptions for OxyContin, Norco, Percocet and Adderall.
 - Co-conspirators allegedly filled the fraudulent prescriptions—some of which were billed to Medicaid—at several pharmacies, then sold the pills for cash or traded them for other drugs.
 - “When misused, prescription drugs can be every bit as dangerous as street drugs,” Michigan Attorney General Bill Schuette said in announcing the charges.

Sources:

1. Matt Mencarini, *10 Charged in Lansing Area Prescription Drug Ring*, Detroit Free Press, Jan. 11, 2017, <https://www.freep.com/story/news/local/michigan/2017/01/11/lansing-prescription-drug-ring/96473648/>.
2. Press Release, Bill Shuette, Mich. Att’y Gen., Schuette Charges 10 in Lansing-Area Opioid Drug Ring, http://www.michigan.gov/ag/0,4534,7-359-82916_81983_47203-401906--m_2017_1,00.html.



Case Summary 55: “We are not going to tolerate drug dealers in white coats”

- **Defendant(s)**: Dr. Craig Gialanella and 16 co-defendants
- **Case Year**: 2017
- **State**: New Jersey
- **Case Status**: In July 2017, the New Jersey Attorney General’s office charged Dr. Gialanella with distribution of narcotics and his co-defendants with related drug counts.
- **Description of Scheme**: Prosecutors say Dr. Gialanella worked with a network of alleged drug dealers to write fraudulent prescriptions for opioids and sell some of the drugs on the street, defrauding Medicaid and private insurers.
- **Key Facts**:
 - Prosecutors alleged that in 2016, Dr. Gialanella wrote 413 prescriptions in the names of 30 individuals for approximately 50,000 30-milligram oxycodone tablets. Prosecutors said the drug ring sold those tablets, known as “Blues,” for between \$18 and \$25 per pill.
 - Dr. Gialanella allegedly charged those looking for prescriptions for office visits that did not involve a medical examination or treatment. Medicaid paid for some of the visits
 - Some of these “patients” travelled more than 100 miles to see Dr. Gialanella, a primary care physician.
 - “We are not going to tolerate drug dealers in white coats,” New Jersey Attorney General Christopher S. Porrino said as his office announced the charges.

Sources:

1. Press Release, Christopher S. Porrino, N.J. Att’y Gen., Attorney General Charges Essex County Doctor and 16 Alleged Drug Dealers in Atlantic County with Distributing Tens of Thousands of High-Dose Opioid Pain Pills Using False Prescriptions Issued by Doctor (July 19, 2017), <http://nj.gov/oag/newsreleases17/pr20170719a.html>.
2. Lauren Carroll & Erin Serpico, *Essex County Doctor, 16 Others Charged in Atlantic County Drug Ring*, Press of Atlantic City, July 20, 2017, http://www.pressofatlanticcity.com/news/crime/essex-county-doctor-others-charged-in-atlantic-county-drug-ring/article_999be69e-64f5-5259-9645-d25b0ab12ab1.html.
3. Michael Burke & Amy S. Rosenberg, *Doctor and Ex-Lifeguard Among 18 Snared in Shore Drug Bust*, The Inquirer (Phila.), July 19, 2017,



http://www.philly.com/philly/news/new_jersey/doctor-and-ex-lifeguard-among-18-snared-in-shore-drug-bust-20170719.html.



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Case Summary 56: Illicit Opioids and Medicaid Fraud in The Bay State

- **Defendant(s)**: Dr. Fernando Jayma
- **Case Year**: 2017
- **State**: Massachusetts
- **Case Status**: Dr. Jayma pleaded guilty in April 2017 in Hampden Superior Court to charges of illegal prescribing of controlled substances, Medicaid false claims, and larceny. A judge sentenced him to two-and-a-half years in jail and ordered him to permanently resign his medical license and pay \$9,778 in restitution.
- **Description of Scheme**: Dr. Jayma illegally prescribed opioids to patients and defrauded Medicaid.
- **Key Facts**:
 - Dr. Jayma wrote illicit prescriptions for opioids, including oxycodone, morphine and methadone, causing pharmacies to falsely bill Medicaid for the medications.
 - The doctor also defrauded Medicaid by arranging for another doctor to see his patients while he was away and directing his staff to bill Medicaid as if Dr. Jayma was treating those patients. Medicaid had not credentialed the other doctor.
 - Dr. Jayma's illicit prescriptions went to patients with no legitimate medical need for the drugs. Some of the patients had a documented history of substance abuse.

Sources:

1. Press Release, Maura Healey, Mass. Att'y Gen., Ludlow Doctor Sentenced to Jail for Illegally Prescribing Opioids to At-Risk Patients (May 16, 2017), <http://www.mass.gov/ago/news-and-updates/press-releases/2017/2017-05-16-ludlow-doctor-sentenced.html>.



Case Summary 57: Recruiting “Runners” to Get Oxycodone Paid for by Medicaid

- **Defendant(s)**: Raymond Morales
- **Case Year**: 2016
- **State**: Connecticut
- **Case Status**: Morales pleaded guilty in June 2016 in U.S. District Court in Hartford to conspiracy to distribute and possess with intent to distribute oxycodone. A judge sentenced him to seven years in prison. Prosecutors charged ten other people in the investigation.
- **Description of Scheme**: Morales recruited “runners” to fill fraudulent prescriptions for a drug ring that distributed oxycodone in the New Haven area. Medicaid paid for nearly all of the illicit prescriptions.
- **Key Facts**:
 - Investigators discovered that Morales had a close associate who worked as a pharmacy technician and helped him to fill the fake prescriptions.
 - The drug ring stole the personal identifying information of more than 50 doctors and other medical professionals to obtain the oxycodone, which it then sold on the street for \$20 to \$30 per 30-milligram pill.

Sources:

1. Press Release, U.S. Att’y Off., Conn., New Haven Man Pleads Guilty to Role in Scheme to Obtain Oxycodone Through Fraudulent Prescriptions (June 16, 2016), <https://www.justice.gov/usao-ct/pr/new-haven-man-pleads-guilty-role-scheme-obtain-oxycodone-through-fraudulent-prescriptions>.
2. Press Release, U.S. Att’y Off., Conn., New Haven Man Sentenced to 7 Years in Prison for Role in Fraudulent Oxycodone Prescription Scheme (Nov. 28, 2016), <https://www.justice.gov/usao-ct/pr/new-haven-man-sentenced-7-years-prison-role-fraudulent-oxycodone-prescription-scheme>.
3. Frank Juliano, *Man Sentenced in Area Drug Trafficking Case*, Conn. Post, Nov. 29, 2016, <http://www.ctpost.com/local/article/Man-sentenced-in-area-drug-trafficking-case-10641928.php>.



Case Summary 58: Nurse Accused of Grabbing Norco From Hospital Patient

- **Defendant(s)**: Timothy Jones
- **Case Year**: 2016
- **State**: Mississippi
- **Case Status**: A Lauderdale County grand jury indicted Jones in August 2016 on charges of Medicaid fraud and acquiring or obtaining possession of a controlled substance by fraud, misrepresentation, or subterfuge.
- **Description of Scheme**: Jones allegedly defrauded Medicaid by obtaining opioids belonging to a nursing home patient.
- **Key Facts**:
 - Jones worked as a registered nurse at East Mississippi State Hospital in Meridian.
 - According to the indictment, Jones obtained Norco containing hydrocodone from a patient at the hospital. The patient was receiving Medicaid benefits from the state.

Sources:

1. Press Release, Jim Hood, Miss. Att’y Gen., Meridian Registered Nurse Arrested for Medicaid Fraud Charges (Aug. 19, 2016), <http://www.ago.state.ms.us/releases/meridian-registered-nurse-arrested-for-medicaid-fraud-charges/>.
2. *Meridian Nurse Arrested for Medicaid Fraud*, WTOK, Aug. 19, 2016, <http://www.wtok.com/content/news/Meridian-nurse-arrested-for-Medicaid-fraud-390729391.html>.



Case Summary 59: Nurse Grabs Percocet, Hydrocodone Intended for Patients

- **Defendant(s)**: Cheryl Renee Hamblet
- **Case Year**: 2016
- **State**: Mississippi
- **Case Status**: Hamblet pleaded guilty in June 2016 in Choctaw County Circuit Court to Medicaid fraud and obtaining a controlled substance by fraud. A circuit court judge sentenced her to three years in prison, with two years suspended.
- **Description of Scheme**: Hamblet used opioids intended for patients at a nursing home, defrauding Medicaid.
- **Key Facts**:
 - Hamblet worked as a Licensed Practical Nurse at a Mississippi nursing home.
 - With access to controlled substances at the facility, she diverted for her own use Percocet and hydrocodone meant to be dispensed to three patients.
 - Though the investigation involved a small amount of opioids, Mississippi Attorney General Jim Hood affirmed the importance of the case, which his Medicaid Fraud Control Unit prosecuted. “Our office is deeply committed to protecting our state’s most vulnerable residents,” Hood said as the judge sentenced Hamblet.

Sources:

1. Press Release, Jim Hood, Miss. Att’y Gen. Houston Nurse Sentenced to Prison for Medicaid Fraud, Illegally Obtaining Patient’s Drugs (June 21, 2016), <http://www.ago.state.ms.us/releases/houston-nurse-sentenced-to-prison-for-medicaid-fraud-illegally-obtaining-patients-drugs/>.
2. *Woman Sentenced for Medicaid Fraud*, Insurance Fraud News, June 21, 2016, <http://www.insurancefraud.org/IFNS-detail.htm?key=22962>.



Case Summary 60: Fake Prescription in North Carolina

- **Defendant(s)**: Shatiaa Neshate McNair
- **Case Year**: 2016
- **State**: North Carolina
- **Case Status**: Sheriff's deputies arrested McNair in July 2016 on charges of Medicaid recipient fraud; obtaining a controlled substance by fraud/forgery; felony possession of a controlled substance; trafficking opiates, and identity theft.
- **Description of Scheme**: Ms. McNair allegedly used a fraudulent prescription to obtain oxycodone from a pharmacy, defrauding Medicaid.
- **Key Facts**:
 - According to the Moore County Sheriff's Office, McNair filled the fake prescription at a Moore County-area pharmacy.
 - McNair allegedly obtained 120 dosage units of oxycodone with the illicit prescription.

Sources:

1. *Moore County Sheriff Neil Godfrey Announced the Arrest of Shatiaa Neshate McNair, Age 21, of Lumberton, North Carolina on Drug Charges*, Everbridge Nixle, July 22, 2016, <http://www.nixle.us/alert/5687694/>.
2. *NC Woman Arrested After Using Fake Prescription to get Oxycodone*, Insurance Fraud News, July 22, 2016, <http://www.insurancefraud.org/IFNS-detail.htm?key=23240>.



Case Summary 61: Prosecutors: Pharmacist Submitted Hundreds of Falsified Claims, Defrauded Medicaid

- **Defendant(s)**: Joseph “Jess” Collins
- **Case Year**: 2016
- **State**: Tennessee
- **Case Status**: A Claiborne County grand jury indicted Collins in October 2016 on charges of TennCare fraud, insurance fraud, and computer crimes.
- **Description of Scheme**: Collins, a pharmacist, allegedly submitted fraudulent claims for prescriptions medications to TennCare (Tennessee’s Medicaid program) and Medicare.
- **Key Facts**:
 - Prosecutors allege that Collins presented for payment hundreds of falsified claims for opioids and other drugs he claimed to have dispensed. Oxycodone and Rebif—an injectable drug used to treat multiple sclerosis—were among the medications.
 - Tennessee Bureau of Investigation agents with the state’s Medicaid Fraud Control Unit led the investigation, along with the Department of Health and Human Services Office of Inspector General.

Sources:

1. *East Tennessee Pharmacist Indicted on Healthcare Fraud Charges*, Channel 10 News, Nov. 8, 2016, <http://www.wbir.com/article/news/crime/east-tennessee-pharmacist-indicted-on-healthcare-fraud-charges/349865888>.



Case Summary 62: “Medicare and Medicaid Are Not a Means to Line the Pockets of Fraudsters.”

- **Defendant(s)**: Beth Palin and Joseph D. Webb
- **Case Year**: 2016
- **State**: Virginia
- **Case Status**: A judge in U.S. District Court in Abingdon convicted Palin and Webb in April 2016 of conspiracy to commit health care fraud and health care fraud. The judge sentenced them to 36 months each in prison and ordered them to pay \$1.4 million in restitution.
- **Description of Scheme**: Palin and Webb owned a laboratory. They worked with a doctor from a self-described suboxone clinic to bill patients for medically unnecessary urine screenings, defrauding Medicaid, Medicare and private insurers out of more than \$14 million.
- **Key Facts**:
 - Webb and Palin owned Bristol Labs, which specialized in urine drug screen testing. They worked with a doctor who opened what prosecutor said “purported to be” a substance abuse treatment program that treated opioid addicts with suboxone.
 - The doctor sent all patients to Bristol Labs for drug screenings that were medically unnecessary and not used in patient care. Medicaid programs in Virginia and Tennessee paid for many of these screenings, along with Medicare and private insurers,
 - Webb and Palin then opened their own addiction practice, which also billed Medicaid and other forms of insurance for medically unnecessary drug screenings.
 - After the judge sentenced Webb and Palin, John P. Fishwick Jr., then-U.S. attorney, said the defendants “stole over a million dollars from health care programs designed to provide care to those who need the most help. Medicare and Medicaid are not a means to line the pockets of fraudsters.”

Sources:

1. Press Release, U.S. Att’y Off., W.D. Va., Pair Sentenced on Health Care Fraud, Conspiracy Charges (Aug. 16, 2016), <https://www.justice.gov/usao-wdva/pr/pair-sentenced-health-care-fraud-conspiracy-charges>.



Case Summary 63: A Doctor Who Prescribed Excessive Opioids, Defrauded Medicaid and Had an Offshore Bank Account

- **Defendant(s)**: Dr. Nicola Tauraso
- **Case Year**: 2016
- **State**: Maryland
- **Case Status**: Dr. Tauraso pleaded guilty in June 2016 in U.S. District Court in Baltimore to health care fraud. He died before he could be sentenced.
- **Description of Scheme**: Dr. Tauraso saw an excessive number of patients at his pain management clinic and prescribed opioids for no legitimate medical reason, defrauding Medicaid and Medicare out of \$350,000.
- **Key Facts**:
 - Dr. Tauraso, a longtime pediatrician, opened a pain management practice in 2009.
 - Former employees told investigators that about 80 patients a day visited Dr. Tauraso's new practice. He prescribed many of them large amounts of oxycodone and OxyContin, often without meeting with the patients,
 - In 2010 alone, Dr. Tauraso deposited more than \$821,000 in his bank accounts and transferred about \$575,000 of that to a bank in Panama. The same year, some pharmacists stopped filling his prescriptions out of concern that they were not medically necessary.

Sources:

1. Press Release, U.S. Att'y Off., Md., Frederick Pediatrician Whose License was Revoked Admits to Prescribing Oxycodone Without a Medical Need (June 8, 2016), <https://www.justice.gov/usao-md/pr/frederick-pediatrician-whose-license-was-revoked-admits-prescribing-oxycodone-without>.
2. Kelsi Loos, *Longtime Frederick Doctor Found Guilty of Health Care Fraud Dies*, The Frederick News-Post, Aug. 8, 2016, https://www.fredericknewspost.com/news/crime_and_justice/longtime-frederick-doctor-found-guilty-of-health-care-fraud-dies/article_d6c50946-bd9c-5315-9afc-d5ea5872c702.html.



Case Summary 64: Doctor Keeps Giving Opioids to Patients Already Enrolled in Drug Treatment

- **Defendant(s)**: Dr. Mohammad Nassery
- **Case Year**: 2016
- **State**: Massachusetts
- **Case Status**: Dr. Nassery pleaded guilty in March 2016 in Barnstable Superior Court to making false Medicaid claims, illegal prescribing, and larceny. A judge sentenced him to two-and-a-half years in jail, suspended for a probationary period of five years.
- **Description of Scheme**: Dr. Nassery illegally prescribed opioids to drug addicts and defrauded Medicaid for the medication and for office visits.
- **Key Facts**:
 - Nassery prescribed oxycodone to patients despite their documented substance abuse, even after learning that some were enrolled in treatment programs or were receiving opioids from other providers.
 - Pharmacies unknowingly billed MassHealth, the state's Medicaid program, for the medication he prescribed. Dr. Nassery also defrauded Medicaid by billing for simple office visits at a higher billing code.
 - Investigators found that Dr. Nassery required urine drug screenings and Magnetic Resonance Imaging (MRI) tests before prescribing controlled substances as a cover for his illicit prescription practices.

Sources:

1. Press Release, Maura Heale, Mass. Att'y Gen., AG Healey Takes Action Against Hyannis Physician for Illegally Prescribing Opioids (May 18, 2015), <http://www.mass.gov/ago/news-and-updates/press-releases/2015/2015-05-18-nassery-indictments.html>.
2. *Cape Cod Doctor Indicted on Drug Charges*, Boston Globe, May 18, 2015, <https://www.bostonglobe.com/metro/2015/05/18/cape-doctor-indicted-charges-illegally-prescribing-opioids/EaRKVbxhv5pDXrwIMUeUEL/story.html>.
3. Haven Orecchio-Egresitz, *Doctor Pleads Guilty to Illegal Prescribing*, Cape Cod Times, Mar. 21, 2016, <http://www.capecodtimes.com/news/20160321/doctor-pleads-guilty-to-illegal-prescribing>.



Case Summary 65: A Doctor Known as an “Easy Write”

- **Defendant(s)**: Dr. Steven Parry
- **Case Year**: 2016
- **State**: New York
- **Case Status**: Prosecutors charged Dr. Parry in February 2016 in U.S. District Court in Central Islip with distribution of a controlled substance without a legitimate medical purpose.
- **Description of Scheme**: Dr. Parry allegedly prescribed large quantities of illicit opioids including to a patient who died of an overdose after Dr. Parry disregarded warnings from Medicaid about the prescriptions.
- **Key Facts**:
 - According to court documents, Dr. Parry wrote prescriptions for large amounts of narcotics to relatively young patients, including more than one individual living in the same household.
 - A confidential source told investigators that Dr. Parry was known on the street as an “easy write”—someone who would prescribe drugs for no medical reason.
 - One of Dr. Parry’s patients, identified only as “Jane Doe,” died in 2014 of a drug overdose after Dr. Parry gave her hundreds of controlled substance prescriptions. Dr. Parry had also learned that Jane Doe was selling her oxycodone and Xanax pills.
 - Prosecutors allege that Dr. Parry ignored a letter from Medicaid warning him that Jane Doe had a history of drug abuse and rehabilitation treatment and that he disregarded a similar warning from Jane Doe’s mother.

Sources:

1. Deposition, *United States v. Parry*, No. 2:16-mj-00150-AYS (E.D.N.Y. Feb. 23, 2016).
2. Darran Simon & Laura Blasey, *Dr. Steven Parry Faces Drug Charges in Patient Death*, *Newsday*, Feb. 24, 2016, <https://www.newsday.com/long-island/crime/dr-steven-parry-faces-drug-charges-in-patient-death-1.11506614>.



Case Summary 66: A Medical Clinic that Doubled as an Insurance Scam, Defrauding Medicaid

- **Defendant(s)**: Dr. Rassan M. Tarabein,
- **Case Year**: 2017
- **State**: Alabama
- **Case Status**: Dr. Tarabein pleaded guilty in August 2017 in U.S. District Court in Mobile to health care fraud and unlawful distribution of a controlled substance. The court scheduled his sentencing for March 2018.
- **Description of Scheme**: Dr. Tarabein ran a clinic that prosecutors called an insurance scam, defrauding Medicaid, Medicare, and private insurers out of millions of dollars for medically unnecessary tests, procedures, and opioid prescriptions.
- **Key Facts**:
 - Dr. Tarabein, a neurologist, induced patients to come to his clinic for medically unnecessary tests such as Magnetic Resonance Imaging (MRI) scans, spent little time with patients, and injected them in places where they were not experiencing pain. His billing records cited procedures that prosecutors said were at times anatomically impossible to perform.
 - Dr. Tarabein singled out Medicaid patients to receive spinal injections and falsely billed Medicaid at higher billing codes for the procedures. From 2010 to 2016, he billed Medicaid more than \$3.2 million for steroid injections, the highest amount any neurologist or pain management specialist charged Alabama's Medicaid program during that period.
 - Overall, Dr. Tarabein overbilled Medicaid, Medicare, and private insurers out of about \$13.1 million, and he pocketed \$5.4 million in illicit proceeds.
 - Dr. Tarabein prescribed medically unnecessary oxycodone to patients, some of whom had track marks on their arms and hands because of drug use.

Sources:

1. Press Release, U.S. Att'y Off., S.D. Ala., Pain Management Doctor Pleads Guilty in Health Care Fraud Case (Aug. 31, 2017), <https://www.justice.gov/usao-sdal/pr/pain-management-doctor-pleads-guilty-health-care-fraud-case>.
2. Press Release, U.S. Att'y Off., S.D. Ala., Pain Management Doctor Arrested in Health Care Fraud Cases (June 30, 2017), <https://www.justice.gov/usao-sdal/pr/pain-management-doctor-arrested-health-care-fraud-cases>.



3. Plea Agreement, *United States v. Tarabein*, No. 1:17-cr-00090-KD-MU (S.D. Ala. Aug. 14, 2017).



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Case Summary 67: Doctor Shopping While Medicaid Pays

- **Defendant(s)**: Genora Manning
- **Case Year**: 2015
- **State**: Tennessee
- **Case Status**: Prosecutors in Hamilton County charged Manning in November 2015 with TennCare fraud. In February 2016, prosecutors in Bradley County charged Manning with the same crime. She pleaded guilty, and a judge sentenced her to probation.
- **Description of Scheme**: Manning defrauded TennCare, the state’s Medicaid program, by obtaining painkillers through “doctor shopping,” or visiting multiple health care providers to get multiple prescriptions.
- **Key Facts**:
 - Manning used her Medicaid benefits in Hamilton County to pay for medically unnecessary prescriptions for hydrocodone and tramadol.
 - In Bradley County, Manning doctor-shopped to obtain Medicaid-funded tramadol prescriptions.
 - As he announced Manning’s arrest in Bradley County, Tennessee Inspector General Manny Tyndall affirmed his office’s commitment to rooting out Medicaid fraud involving opioids. “Prescription drug abuse hurts individuals, families and communities, and we’re intent on finding and prosecuting these cases when TennCare is involved,” he said.

Sources:

1. Press Release, Dep’t of Fin. & Admin., Two in Hamilton Co. Charged with TennCare Fraud (Nov. 17, 2015), <https://www.tn.gov/finance/news/2015/11/17/two-in-hamilton-co.-charged-with-tenncare-fraud.html>.
2. Press Release, Dep’t of Fin. & Admin., Two People Charged with TennCare Fraud in Bradley, Hamilton Counties (Feb. 24, 2016), <https://www.tn.gov/finance/news/2016/2/24/two-people-charged-with-tenncare-fraud-in-bradley-hamilton-counties.html>.



Case Summary 68: A First-Time Offender Accused of Selling Her Opioids and Defrauding Medicaid

- **Defendant(s)**: Constance Young
- **Case Year**: 2017
- **State**: Tennessee
- **Case Status**: Young pleaded guilty in March 2017 in Criminal Court for the 9th Judicial District after prosecutors charged her in 2015 with TennCare fraud. A judge sentenced her to judicial diversion, a program in which first-time offenders can have their cases expunged after a period of probation.
- **Description of Scheme**: Young allegedly defrauded TennCare, the state’s Medicaid program, by obtaining prescription opioids and selling the drugs.
- **Key Facts**:
 - Prosecutors said Young used her TennCare benefits to obtain the prescription painkiller hydrocodone.
 - Young then allegedly sold a portion of the hydrocodone to an undercover informant.
 - “Police are clearly committed to eliminating prescription drug abuse, and we’re doing our part to stop abusers who are supporting this lifestyle with TennCare,” Manny Tyndall, the state inspector general, said as he announced the charges.

Sources:

1. Press Release, Dep’t of Fin. & Admin., Roane Co. Woman Charged with TennCare Drug Fraud (July 2, 2015), <https://www.tn.gov/finance/news/2015/7/2/070215daniels.html>.
2. *Tennessee v. Young*, No. 73CC1-20150-CR-86 (Tenn. Crim. Ct. May 10, 2017).



Case Summary 69: Medicaid Recipients Get Opioids after Doctor Sees Them for Only Seconds

- **Defendant(s)**: Dr. Harvey Jenkins and five others
- **Case Year**: 2016
- **State**: Oklahoma
- **Case Status**: In March 2016, prosecutors charged Dr. Jenkins and five of his former employees in Oklahoma County District Court with making Medicaid false claims; identity fraud; practicing medicine without a license; and conspiracy to possess, distribute, dispense, and prescribe dangerous controlled substances within 2,000 feet of a public park. Dr. Jenkins has pleaded not guilty and has publicly contested the charges.
- **Description of Scheme**: Authorities accuse Dr. Jenkins of running a “pill mill” in which he prescribed large quantities of opioid painkillers to patients without adequately assessing their medical need for the drugs, defrauding Medicaid.
- **Key Facts**:
 - State prosecutors say Dr. Jenkins saw up to 90 patients a day and prescribed them narcotics after seeing each patient for only 15 to 30 seconds.
 - Dr. Jenkins allegedly allowed his staff members to prescribe opioid painkillers, using pre-signed prescription pads bearing his signature. These staff members did not have licenses to prescribe medication.
 - Hundreds of Dr. Jenkins’s patients were insured through Medicaid.

Sources:

1. Andrew Knittle, *Jenkins Charged with 29 Felonies Connected to ‘Pill Mill,’* NewsOK, Mar. 24, 2016, <http://newsok.com/article/5487203>.
2. Abby Broyles, *Accused Pill Mill Doctor and Former Employees Arrested, Charged with Multiple Felonies,* Okla. News 4, Mar. 24, 2016, <http://kfor.com/2016/03/24/accused-pill-mill-doctor-former-employees-charged-with-multiple-felonies/>.
3. Crystal Price, *Preliminary Hearing Begins for Oklahoma Doctor Accused of Running ‘Pill Mill,’* KOCO News 5, Mar. 21, 2017, <http://www.koco.com/article/preliminary-hearing-begins-for-oklahoma-doctor-accused-of-running-pill-mill/9161478>.
4. Harvey Jenkins PhD, MD, *RE: The State of Oklahoma/OBN v. Harvey C Jenkins, MD,* LINKEDIN (June 18, 2015), <https://www.linkedin.com/pulse/re-state-oklahomaobn-v-harvey-c-jenkins-md-harvey-jenkins-phd-md>.



Case Summary 70: Medicaid Benefits, Illicit Opioids, and a Mercedes-Benz

- **Defendant(s)**: Dannette M. Hawthorne, Charlene Breedlove-Jones, and Deneshia Wakefield
- **Case Year**: 2011
- **State**: Ohio
- **Case Status**: In March 2011, all three defendants pleaded guilty in U.S. District Court in Columbus. Hawthorne pleaded guilty to conspiracy to distribute controlled substances, conspiracy to commit health care fraud, submission of fraudulent claims, and aggravated identity theft. A judge sentenced her to 12 years in prison. Breedlove-Jones pleaded guilty to conspiracy to distribute controlled substances, health care false statement, obtaining controlled substances by fraud, attempted distribution of a controlled substance, and aggravated identity theft. A judge sentenced her to 10 years and 10 months in prison. Wakefield pleaded guilty to health care false statements and obtaining a controlled substance by fraud. A judge sentenced her to five years of probation.
- **Description of Scheme**: Hawthorne owned two pain management clinics that prosecutors said doubled as “pill mills,” distributing large quantities of opioids and fraudulently billing Medicaid for more than \$29,000 in illegal prescriptions.
- **Key Facts**:
 - Hawthorne opened the two clinics in Columbus in 2010 and employed Breedlove-Jones and Wakefield. The clinics attracted patients from Ohio, West Virginia and Kentucky. Many of the patients were Medicaid recipients.
 - The trio charged patients cash for medical visits to obtain opioid prescriptions, which were then billed to Medicaid.
 - Through the clinics, which used basic equipment and employed no full time physicians, investigators said Hawthorne helped distribute more than 11,000 doses of oxycodone.
 - Hawthorne and Breedlove-Jones forged the signatures of real physicians when they lacked a doctor to see patients.
 - Hawthorne, a Medicaid recipient who lived in federally subsidized housing, enriched herself through the scheme and drove a Mercedes-Benz.

Sources:

1. Press Release, FBI, Three Charged with Conspiracy, Making False Statements to Medicaid and Other Crimes in Connection with Two Columbus Pain Management



- Clinics (Dec. 2010), <https://archives.fbi.gov/archives/cincinnati/press-releases/2010/ci122210.htm>.
2. Press Release, U.S. Att’y Off., S.D. Ohio, Owner and Two Employees of Columbus Pain Clinics Plead Guilty to Illegally Distributing Thousands of Pain Pills (Mar. 31, 2011), <https://www.justice.gov/archive/usao/ohs/news/03-31-11.html>.
 3. Kathy Lynn Gray, *Woman Sentenced to 12 Years for ‘Pill Mills,’* The Columbus Dispatch, Feb. 7, 2012, <http://www.dispatch.com/content/stories/local/2012/02/07/woman-gets-12-years-for-pill-mills.html>.



Case Summary 71: Using a “Doctor Shopping” Law to Crack Down on Medicaid Abuse Involving Opioids

- **Defendant(s)**: Tyniki T. Graham
- **Case Year**: 2014
- **State**: Tennessee
- **Case Status**: Graham pleaded guilty in October 2014 in the Metropolitan Nashville & Davidson County Criminal Court to TennCare fraud.
- **Description of Scheme**: Graham obtained illicit prescriptions for opioid painkillers and defrauded TennCare, the state’s Medicaid program.
- **Key Facts**:
 - Graham visited multiple doctors in a short period of time, a practice known as “doctor shopping,” to obtain prescriptions for opioids.
 - Through these doctor visits, Graham received illicit prescriptions for hydrocodone and tramadol, with Medicaid paying for her prescriptions or clinical visits.
 - When prosecutors charged Graham in 2014, Robert White, then the acting Tennessee inspector general, said the state’s doctor shopping law “is a valuable tool in cracking down on people who are abusing” Medicaid through obtaining or selling opioids.

Sources:

1. Press Release, Tenn. St. Gov., Davidson Co. Woman Charged with TennCare Drug Fraud (June 16, 2014), <https://www.tn.gov/news/2014/6/16/davidson-co.-woman-charged-with-tenncare-drug-fraud8.html>.
2. *People v. Graham*, No. 2014-B-1568 (Tenn. Crim. Ct. Oct. 2, 2014).



Case Summary 72: “Police . . . Are Committed to Eliminating Prescription Drug Abuse, Especially When It Involves Public Dollars.”

- **Defendant(s)**: Barbara Sue Greer
- **Case Year**: 2014
- **State**: Tennessee
- **Case Status**: State prosecutors charged Greer in August 2014 with TennCare fraud, sale or delivery of oxycodone, sale or delivery of hydrocodone, and sale or delivery of Xanax. She is currently on probation.
- **Description of Scheme**: Ms. Greer allegedly obtained Medicaid-funded opioids and sold them, defunding TennCare, the state’s Medicaid program.
- **Key Facts**:
 - Prosecutors said Greer obtained prescriptions for oxycodone, hydrocodone and Xanax and billed the drugs to Medicaid.
 - Greer then allegedly sold a portion of the prescription drugs on three occasions.
 - As prosecutors brought the charges, acting state inspector general Lawrence S. Saylor, Jr. said: “Local police, providers and citizens are committed to eliminating prescription drug abuse, especially when it involves public dollars.”

Sources:

1. Press Release, Tenn. St. Gov., Bradley County Woman Charged with TennCare Drug Fraud (Aug. 5, 2014), <https://www.tn.gov/news/2014/8/5/bradley-county-woman-charged-with-tenncare-drug-fraud.html>.
2. *Barbara Sue Perdue Greer Charged with Coercion of a Witness*, Thechattanooga.com, <http://www.chattanooga.com/2014/10/25/287145/Barbara-Sue-Perdue-Greer-Charged-With.aspx>.



Case Summary 73: “Doctors and Pharmacists Who Use Their Professional Licenses to Turn an Illicit Profit Through Drug Dealing and Medicaid Fraud”

- **Defendant(s)**: Dr. Clifton Howell
- **Case Year**: 2011
- **State**: New Jersey
- **Case Status**: Dr. Howell pleaded guilty in July 2011 in Hudson County Superior Court to health care claims fraud. A judge sentenced him to three years in prison and ordered him to pay \$101,000 in restitution. At least 33 other defendants pleaded guilty as well.
- **Description of Scheme**: Dr. Howell defrauded Medicaid as part of a larger scheme in which doctors and pharmacists billed Medicaid for pain pills that were diverted to drug dealers, who sold the medications on the street.
- **Key Facts**:
 - Dr. Howell admitted that he submitted false claims to Medicaid for prescription opioids.
 - Pharmacists used Dr. Howell’s prescriptions to dispense the drugs to Medicaid beneficiaries, but not the intended patients.
 - The statewide narcotics ring distributed prescription opioids including oxycodone and Percocet.
 - As Dr. Howell pleaded guilty, Ronald Chillemi, the state’s acting insurance fraud prosecutor, noted: “Too often we uncover doctors and pharmacists who use their professional licenses to turn an illicit profit through drug dealing and Medicaid fraud.”

Sources:

1. Press Release, N.J. Dep’t of Law & Pub. Safety, Hudson County Man Sentenced to 22 Years in Prison as Leader of Crime Network that Defrauded Medicaid (Sept. 16, 2011), <http://www.nj.gov/oag/newsreleases11/pr20110916a.html>.
2. Press Release, N.J. Dep’t of Law & Pub. Safety, Ringleader and Doctor Plead Guilty in Statewide Crime Network that Dealt Pain Pills and Defrauded Medicaid (July 6, 2011), <http://www.nj.gov/oag/newsreleases11/pr20110706a.html>.
3. Karen Yi, *Doctor from West Orange Sentenced for Medicaid Fraud*, West Orange Patch, <https://patch.com/new-jersey/westorange/doctor-from-west-orange-sentenced-for-medicaid-fraud>.



Case Summary 74: Opioids for a Doctor’s Girlfriend Leads to Medicaid Fraud

- **Defendant(s)**: Dr. John Yacoub
- **Case Year**: 2014
- **State**: Maryland
- **Case Status**: Dr. Yacoub pleaded guilty in May 2014 in U.S. District Court in Baltimore to conspiracy to distribute and possess with intent to distribute fentanyl, hydrocodone, oxycodone, morphine, and methadone. A federal judge sentenced him to one year in prison.
- **Description of Scheme**: Dr. Yacoub prescribed medically unnecessary opioid pain medication to his girlfriend and others, defrauding Medicaid.
- **Key Facts**:
 - Between 2012 and 2013, Dr. Yacoub provided prescriptions and pills—including Vicodin, oxycodone, and morphine—to his Nevada-based girlfriend, who was a drug addict.
 - Dr. Yacoub asked two other people, identified only as person A and person B, to help him get additional opioids to his girlfriend in exchange for giving them prescriptions for methadone.
 - Medicaid paid \$2,375 for morphine prescriptions obtained by person B for Dr. Yacoub. Patient files for Dr. Yacoub’s girlfriend, person A, and person B showed no medical reasons for any of Dr. Yacoub’s prescriptions.

Sources:

1. Press Release, U.S. Att’y Off., Md., Dr. John Yacoub Sentenced for Illegal Drug Distribution (Nov. 3, 2014), <https://www.justice.gov/usao-md/pr/dr-john-yacoub-sentenced-illegal-drug-distribution>.
2. Press Release, U.S. Att’y Off., Md., Dr. John Yacoub Pleads Guilty to Drug Distribution (May 28, 2014), <https://www.justice.gov/usao-md/pr/dr-john-yacoub-pleads-guilty-drug-distribution>.
3. Plea Agreement, *United States v. Yacoub*, No. 1:14-cr-00148-CCB (D. Md. May 28, 2014).



Case Summary 75: A ‘Two-Tiered’ Medical Practice, with a Bogus Pain Management Clinic

- **Defendant(s)**: Dr. Anand Persaud
- **Case Year**: 2015
- **State**: New York
- **Case Status**: Dr. Persaud pleaded guilty in May 2015 in Nassau County District Court to criminal sale of prescriptions for a controlled substance and criminal tax fraud. A judge sentenced him to six months in prison.
- **Description of Scheme**: Dr. Persaud prescribed medically unnecessary opioid pain medication, which were paid for by Medicaid.
- **Key Facts**:
 - Prosecutors said Dr. Persaud maintained a two-tiered medical practice: seeing medical patients with regular medical issues and running a fraudulent pain management practice. If patients visited Dr. Persaud for so-called pain management, he charged them \$250 to \$300 per visit. On a number of occasions, Dr. Persaud prescribed patients oxycodone that he knew was medically unnecessary.
 - Dr. Persaud and his wife both also admitted to filing false tax returns because they did not claim income they gained from the “pain management” visits. His wife pleaded guilty in 2015, and a judge sentenced her to five years of probation.
 - Investigators from the New York State Attorney General’s Medicaid Fraud Control Unit raided Dr. Persaud’s offices, leading to his arrest in July 2013.

Sources:

1. Press Release, Eric T. Schneiderman, N.Y. Att’y Gen., A.G. Schneiderman Announces Jail Sentence of Long Island Doctor for Selling Prescriptions for Oxycodone (Oct. 20, 2016), <https://ag.ny.gov/press-release/ag-schneiderman-announces-jail-sentence-long-island-doctor-selling-prescriptions>.
2. Press Release, Eric T. Schneiderman, N.Y. Att’y Gen., Long Island Doctor Arrested for Selling Prescriptions for Narcotic Drugs (July 30, 2013), <https://ag.ny.gov/press-release/long-island-doctor-arrested-selling-prescriptions-narcotic-drugs>.



Case Summary 76: The Doctor Was Away and Medicaid Got The Bill

- **Defendant(s)**: Dr. John Q. A. Webb, Jr. and Kari Mannino
- **Case Year**: 2014
- **State**: Texas
- **Case Status**: Dr. Webb pleaded guilty in December 2014 in U.S. District Court in Beaumont to conspiracy to commit health care fraud. A judge sentenced him to 15 months in prison. Mannino pleaded guilty in February 2014 to conspiracy to commit health care fraud. A judge sentenced her to three years of probation.
- **Description of Scheme**: Dr. Webb and his office manager, Mannino, defrauded Medicaid, Medicare, and private insurers by having unlicensed staff members prescribe opioids.
- **Key Facts**:
 - Dr. Webb allowed unlicensed staff members to prescribe controlled substances, including Suboxone, to patients when he was out of the office and had not treated the patients.
 - Mannino distributed the drugs directly to patients, rather than sending the prescriptions to pharmacies.
 - Mannino then oversaw the submission of false claims to Medicaid and Medicare stating that a licensed physician had provided the health care services.
 - The scheme caused more than \$300,000 in losses to Medicaid, Medicare, and private insurance companies.

Sources:

1. Press Release, U.S. Att’y Off., E.D. Tex., Tyler County Woman Guilty of Health Care Fraud (Feb 12, 2014), <https://www.justice.gov/usao-edtx/pr/tyler-county-woman-guilty-health-care-fraud>.
2. Press Release, FBI, Former Beaumont Physician Sentenced for Health Care Fraud Violation (Dec. 18, 2014), <https://www.fbi.gov/contact-us/field-offices/houston/news/press-releases/former-beaumont-physician-sentenced-for-health-care-fraud-violation>.
3. Press Release, U.S. Att’y Off., E.D. Tex., Former Beaumont Physician and Office Manager Charged with Health Care Fraud (Dec. 12, 2013), <https://www.justice.gov/usao-edtx/pr/former-beaumont-physician-and-office-manager-charged-health-care-fraud>.
4. *United States v. Webb*, No. 1:13cr123 (E.D. Tex. July 23, 2014).



Case Summary 77: “When the Indiana Medicaid program is Wrongly Billed for Ineligible Claims . . . Taxpayers Become Victims As Well.”

- **Defendant(s)**: Dr. William Hedrick
- **Case Year**: 2015
- **State**: Indiana
- **Case Status**: Prosecutors charged Dr. Hedrick in January 2015 in Delaware Circuit Court with Medicaid fraud, reckless prescribing, and forgery. He has pleaded not guilty and his trial is scheduled for March 2018.
- **Description of Scheme**: Authorities allege that Dr. Hedrick over-prescribed opioids at dangerous levels, resulting in the deaths of at least eight patients, and that he defrauded Medicaid.
- **Key Facts**:
 - Dr. Hedrick ran pain management clinics where he allegedly saw up to 100 patients a day, prescribing opioids without establishing medical need for the drugs. Investigators observed 326 patients enter and leave his clinics in just three days.
 - Most of Dr. Hedrick’s patients were on Medicaid, and prosecutors accuse him of allowing employees to fraudulently bill Medicaid for procedures and prescriptions using another physician’s information.
 - As authorities announced Dr. Hedrick’s arrest, Greg Zoeller, then Indiana’s attorney general, said that “the prescription drug abuse epidemic is fueled by dangerous overprescribing of addictive opioid drugs... when the Indiana Medicaid program is wrongly billed for ineligible claims, as is alleged here, taxpayers become victims as well.”

Sources:

1. Keith Roysdon, *Tidal Wave of Heroin Overdoses Followed Pain Doctor Raid*, The Star Press, Nov. 10, 2017, <http://www.thestarpress.com/story/news/local/2017/11/10/tidal-wave-heroin-overdoses-followed-pain-doctor-raid/780885001/>.
2. Jeff Wiehe, *Documents Reveal Case Against Doctor*, The J. Gazette, Mar. 16, 2016, <http://www.journalgazette.net/News/Local/Documents-reveal-case-against-doctor-4354966>.
3. Keith Roysdon, *Feds Link Deaths to Muncie Pain Clinic Doctor*, IndyStar, Oct. 21, 2014, <https://www.indystar.com/story/news/crime/2014/10/21/muncie-pain-clinic-doctor-investigation/17652283/>.



Case Summary 78: Colorado Pill Mill

- **Defendant(s)**: Dr. Joel E. Miller
- **Case Year**: 2015
- **State**: Colorado
- **Case Status**: A federal jury in U.S. District Court in Denver convicted Dr. Miller in November 2015 of unlawful distribution of a controlled substance without a legitimate medical purpose, unlawful distribution of a controlled substance without a legitimate medical purpose resulting in death, and providing false information on his DEA registration application. A judge sentenced him to five years in prison.
- **Description of Scheme**: Dr. Miller ran a “pill mill” and prescribed excessive amounts and dangerous combinations of opioids. At least one patient died from the drugs.
- **Key Facts**:
 - Dr. Miller prescribed controlled substances, including hydrocodone, without establishing a legitimate medical purpose for the medication.
 - Dr. Miller’s prescriptions and dosage levels caused patients to become addicts. He allowed staff members to distribute opioids in his absence and without a doctor’s examination, using a form he had pre-signed.
 - Prosecutors said Dr. Miller defrauded Medicaid, Medicare, and private insurers by filing fraudulent claims for medical services and procedures, using a billing code with a higher reimbursement rate.

Sources:

1. Press Release, U.S. Att’y Off., Colo., Craig Doctor Arrested for Prescribing Drugs Resulting in Patient Deaths and Health Care Fraud Scheme (Aug. 26, 2013), <https://www.justice.gov/usao-co/pr/craig-doctor-arrested-prescribing-drugs-resulting-patient-deaths-and-health-care-fraud>.
2. Yesenia Robles, *Craig Doctor Indicted, Arrested After Prescriptions Lead to Deaths*, The Denver Post, Aug. 26, 2013, <https://www.denverpost.com/2013/08/26/craig-doctor-indicted-arrested-after-prescriptions-lead-to-deaths/>.
3. Press Release, DEA, Doctor Convicted in Death of Patient (Nov. 9, 2015), <https://www.dea.gov/divisions/den/2015/den110915.shtml>.
4. Indictment, *United States v. Miller*, No. 13-cr-00354-REB (D. Colo. Aug. 21, 2013).



Case Summary 79: Fake Prescriptions and False Claims

- **Defendant(s)**: Julia Clymer
- **Case Year**: 2013
- **State**: Illinois
- **Case Status**: Clymer pleaded guilty in September 2013 in U.S. District Court in East St. Louis to health care fraud and obtaining possession of a controlled substance by fraud. A judge sentenced her to five years of probation.
- **Description of Scheme**: Clymer defrauded Medicaid by creating fraudulent opioid prescriptions and filling them at pharmacies.
- **Key Facts**:
 - Through her employer, Clymer authorized the creation of fake prescriptions intended for Medicaid beneficiaries. Authorities did not name the employer.
 - Clymer then diverted the prescriptions for her own use, causing false claims to be submitted to Illinois's Medicaid program.
 - Clymer obtained 30 pills containing hydrocodone from a pharmacy.

Sources:

1. Press Release, U.S. Att'y Off., S.D. Ill., Collinsville Woman Pleads Guilty to Drug and Health Care Offenses (Sept. 27, 2013), <https://www.justice.gov/usao-sdil/pr/collinsville-woman-pleads-guilty-drug-and-health-care-offenses>.



Case Summary 80: Preying on Medicaid patients

- **Defendant(s)**: Dr. David Gierlus
- **Case Year**: 2013
- **State**: Iowa
- **Case Status**: Dr. Gierlus pleaded guilty in March 2013 in U.S. District Court in Davenport to unlawfully prescribing hydrocodone, a Schedule III controlled substance. A judge sentenced him to eight years in prison.
- **Description of Scheme**: Dr. Gierlus prescribed hydrocodone and other controlled substances to a female patient without a legitimate medical need. At the time, he was engaged in an inappropriate sexual relationship with the patient.
- **Key Facts**:
 - Dr. Gierlus was a family practice physician in Muscatine, Iowa for more than 20 years.
 - He began treating the female patient and became involved in a relationship with her by 2012. In February 2012, Dr. Gierlus prescribed Patient A 120 hydrocodone pills for no legitimate medical purpose.
 - At sentencing, U.S. District Judge Stephanie M. Rose called Dr. Gierlus a “sexual predator,” citing court records that said he had sexual contact with 18 victims, including three patients who he injected with drugs before assaulting them. Dr. Gierlus did not dispute the court records.
 - Judge Rose said Dr. Gierlus preyed on “vulnerable” women, many of them Medicaid patients, including one female Medicaid recipient to whom he gave rent money in exchange for sex.

Sources:

1. Chris Minor, *Dirty Doctor Gets 8 Years, \$400,00 Fine in Sex for Drugs Case*, WQAD 8 News, July 19, 2013, <http://wqad.com/2013/07/18/dirty-doctor-gets-8-years-400000-fine-in-sex-for-drugs-case/>.
2. *United States v. Gierlus*, No. 15-2763 (8th Cir. July 13, 2016).
3. Brian Wellner, *Former Local Doctor Gets Stiff Sentence*, Muscatine Journal, July 18, 2013, http://muscatinejournal.com/news/local/crime-and-courts/former-local-doctor-gets-stiff-sentence/article_65d5ae49-6e50-54e0-b209-2b7a74976bf6.html.



4. Deirdre Cox Baker, *Muscatine Doctor Surrenders Medical License*, Quad-City Times, Dec. 24, 2013, http://qctimes.com/news/local/muscatine-doctor-surrenders-medical-license/article_7f8d44e4-0929-5972-80cb-c6622d6a1b40.html.
5. Complaint, *United States v. Gierlus*, No. 3:12-mj-83 (S.D. Iowa Aug. 30, 2012).



Case Summary 81: Opioids in Exchange for Sex

- **Defendant(s)**: Dr. Tahir Usman Mir
- **Case Year**: 2012
- **State**: Pennsylvania
- **Case Status**: A jury in Indiana County Common Pleas Court convicted Dr. Mir in June 2012 of violating the state's Controlled Substances Drugs Devices and Cosmetics Act.
- **Description of Scheme**: Dr. Mir wrote unlawful opioid prescriptions to female patients in exchange for sex.
- **Key Facts**:
 - Between December 2008 and October 2011, Dr. Mir provided two women with prescriptions for painkillers, including oxycodone and hydrocodone, in exchange for sexual favors.
 - On October 11, 2011, the state attorney general's Medicaid Fraud Control Section raided Dr. Mir's office.
 - Prosecutors said Dr. Mir defrauded Medicaid by accepting cash payments for medication he provided to drug addicts.

Sources:

1. Paul Peirce, *Doctor Nabbed in Drug Sting*, TRIBLive, Oct. 13, 2011, http://triblive.com/x/pittsburghtrib/news/regional/s_761607.html.
2. Paul Peirce, *Sex with Patients Nets Time in Prison*, TRIBLive, Sept. 14, 2013, <http://triblive.com/news/westmoreland/4700721-74/mir-women-martin>.
3. Paul Peirce, *Indiana County Doctor Who Traded Drugs for Sex to be Resentenced*, TRIBLive, Dec. 19, 2014, <http://triblive.com/news/indiana/7406748-74/mir-court-indiana>.
4. Paul Peirce, *Indiana Doctor to Face Trial in Drugs-for-Sex Case*, TRIBLive, Feb. 27, 2013, <http://triblive.com/news/indiana/3555949-74/mir-trial-office>.



Case Summary 82: Selling Pain Prescriptions for Millions in Profit

- **Defendant(s)**: Dr. David Brizer
- **Case Year**: 2013
- **State**: New York
- **Case Status**: Dr. Brizer pleaded guilty in March 2013 in Rockland County Court to criminal sale of a prescription of a controlled substance, criminal possession of a controlled substance, criminal tax fraud, and conspiracy. A judge sentenced him to five years of probation.
- **Description of Scheme**: Dr. Brizer sold opioid prescriptions to drug dealers in a scheme that led to Medicaid being defrauded out of thousands of dollars. The dealers then re-sold some of the pills on the street.
- **Key Facts**:
 - The prescriptions for oxycodone and other pain medications that Dr. Brizer sold from his midtown Manhattan and Rockland County offices were worth millions of dollars in pills.
 - Dr. Brizer sold prescriptions in the names of phony patients, charged his customers up to \$300 for each sale.
 - A reputed drug dealer who purchased Dr. Brizer's prescriptions allegedly defrauded Medicaid by causing the program to pay thousands of dollars to pharmacies for the illicit narcotics.

Sources:

1. Press Release, Eric T. Schneiderman, N.Y. Att'y Gen., A.G. Schneiderman Announces Guilty Plea of Manhattan Doctor for Selling Oxycodone Prescriptions to Drug Dealers (Mar. 1, 2013), <https://ag.ny.gov/press-release/ag-schneiderman-announces-guilty-plea-manhattan-doctor-selling-oxycodone-prescriptions>.
2. Press Release, Eric T. Schneiderman, N.Y. Att'y Gen., A.G. Schneiderman Announces Indictment of Manhattan Doctor Who Sold Oxycodone Prescriptions to Drug Dealers (Feb. 11, 2013), <https://ag.ny.gov/press-release/ag-schneiderman-announces-indictment-manhattan-doctor-who-sold-oxycodone-prescriptions>.
3. Steve Lieberman, *Former Nyack Psychiatrist Gets Probation for Selling Oxy Scripts*, lohud.com, Feb. 7, 2014, <https://www.lohud.com/story/news/local/westchester/2014/02/07/former-nyack-psychiatrist-gets-probation-for-selling-oxy-scripts-/5283221/>.



Case Summary 83: Stolen Prescription Paper and Stolen Medicaid Cards Lead to Illicit Opioids

- **Defendant(s)**: Suzanne Benizio
- **Case Year**: 2011
- **State**: New York
- **Case Status**: Benizio pleaded guilty in December 2011 in State Supreme Court in Bronx County to forgery. A judge sentenced her to four to eight years in prison and ordered her to repay the New York State Medicaid program more than \$200,000.
- **Description of Scheme**: Benizio led a drug ring that distributed \$200,000 in illicit opioids in 20 New York counties through forged prescriptions, defrauding Medicaid.
- **Key Facts**:
 - Benizio created more than 250 forged prescriptions for OxyContin and Roxicodone on prescription paper stolen from New York City-area doctors and hospitals. When authorities arrested her, she possessed enough paper for 1,500 more phony prescriptions.
 - Working with co-conspirators, Benizio misappropriated numerous Medicaid cards that she used to create the fake prescriptions in the names of real Medicaid recipients.
 - Pharmacies filled the prescriptions using the Medicaid cards, and the drug ring then re-sold the pills on the street.

Sources:

1. *NYC Woman Sentenced for Writing 250+ Fake Prescriptions*, The Observer-Dispatch, Feb. 16, 2012, <http://www.uticaod.com/x1768344685/NYC-woman-sentenced-for-writing-250-fake-prescriptions>.
2. *Bronx Woman Pleads Guilty to Forging Painkiller Prescriptions*, CBS New York, Dec. 21, 2011, <http://newyork.cbslocal.com/2011/12/21/bronx-woman-pleads-guilty-to-forging-painkiller-prescriptions/>.



Case Summary 84: “Basically, he was using the state to subsidize his drug-dealing.”

- **Defendant(s)**: Louis Eppinger
- **Case Year**: 2013
- **State**: Ohio
- **Case Status**: Eppinger pleaded guilty in March 2013 in U.S. District Court in Cleveland to health care fraud and conspiracy to possess with intent to distribute oxycodone. A judge sentenced him to 12 years in prison. Six other people pleaded guilty to related crimes.
- **Description of Scheme**: Eppinger masterminded a conspiracy that forged opioid prescriptions and re-sold the illicit drugs on the street, bilking Medicaid.
- **Key Facts**:
 - Eppinger obtained blank prescription paper and the Drug Enforcement Administration (DEA) numbers of various northern Ohio physicians and gave the paper to a co-conspirator, who forged prescriptions for OxyContin and Percocet.
 - Other co-conspirators, known as “walkers,” filled the prescriptions at pharmacies and gave the pills to Eppinger, who sold some of the medication.
 - Eppinger billed the Ohio Medicaid program \$21,098 for the illegal painkillers. “Basically, he was using the state to subsidize his drug-dealing,” Steven Dettelbach, then the U.S. attorney, said after a federal grand jury indicted Eppinger.

Sources:

1. Press Release, U.S. Att’y Off., N.D. Ohio, Cleveland Man Sentenced to 12 Years in Prison for Leading Ring That Obtained Blank Prescriptions, Forged Them and Sold the Painkillers (June 11, 2013), <https://www.justice.gov/usao-ndoh/pr/cleveland-man-sentenced-12-years-prison-leading-ring-obtained-blank-prescriptions>.
2. James F. McCarty, *Grand Jury Indicts 7 on Charges of Running Elaborate Pill Mill*, Cleveland.com, Mar. 20, 2012, http://blog.cleveland.com/metro/2012/03/federal_grand_jury_indicts_sev.html.
3. *Group Indicted for Forging Pain Pill Prescriptions*, Charleston Daily Mail, Mar. 22, 2012.



Case Summary 85: Fake Prescriptions, Real Oxycodone

- **Defendant(s)**: Yolanda Rice
- **Case Year**: 2014
- **State**: Illinois
- **Case Status**: Rice pleaded guilty in April 2014 in U.S. District Court in East St. Louis to health care fraud and obtaining possession of a controlled substance by fraud. A judge sentenced her to five years of probation.
- **Description of Scheme**: Rice defrauded Medicaid by obtaining opioids through fraudulent prescriptions.
- **Key Facts**:
 - Rice worked at a doctor's office in Swansea, Illinois, called Master Medical Care.
 - Through her employer, Rice authorized fake prescriptions ostensibly for Medicaid beneficiaries, then diverted the drugs to herself. The Illinois Medicaid program paid nearly \$2,000 in fraudulent claims because of the prescriptions.
 - Through the scheme, Rice obtained 180 illegal oxycodone pills.

Sources:

1. Press Release, U.S. Att'y Off., S.D. Ill., Belleville Woman Indicted for Health Care Fraud and Obtaining Controlled Substances by Fraud (Oct. 23, 2013), <https://www.justice.gov/usao-sdil/pr/belleville-woman-indicted-health-care-fraud-and-obtaining-controlled-substances-fraud>.
2. *Belleville Woman Used Fraudulent Prescriptions to Get Pain Pills*, St. Louis Post-Dispatch, Apr. 2, 2014, http://www.stltoday.com/news/local/illinois/belleville-woman-used-fraudulent-prescriptions-to-get-pain-pills/article_61c20ed7-a489-5758-aff9-2dc349278966.html.
3. Stipulation of Facts, *United States v. Rice*, No. 13-30254-DRH (S.D. Ill. Apr. 2, 2014).



Case Summary 86: When the Doctor's Away, He Bills Medicaid Anyway

- **Defendant(s)**: Dr. Michael A. Taylor
- **Case Year**: 2013
- **State**: Massachusetts
- **Case Status**: Dr. Taylor pleaded guilty in August 2013 in Bristol Superior Court to illegal prescribing of a controlled substance, violating the Medicaid False Claims Act, and larceny. A judge sentenced him to 2 ½ years in jail, suspended for a probationary period of five years, and ordered him to pay more than \$9,800 in restitution to MassHealth, the Massachusetts Medicaid program.
- **Description of Scheme**: Dr. Taylor prescribed medically unnecessary opioids, causing pharmacies to falsely bill MassHealth for the narcotics.
- **Key Facts**:
 - Dr. Taylor, who practiced general internal medicine, illegally prescribed oxycodone, Percocet and other oxycodone-based drugs to 15 patients.
 - Dr. Taylor fraudulently billed more than \$9,800 to MassHealth for office visits where patients picked up the prescriptions. In reality, the patients didn't see him during those visits. Sometimes, he was out of state.
 - Martha Coakley, then the Massachusetts attorney general, said the case demonstrates the importance of guarding against Medicaid fraud involving opioids. "Illegally prescribing drugs with a high potential for abuse is a serious offense that puts patients at risk and steals critical funding from MassHealth," she said upon Dr. Taylor's guilty plea.

Sources:

1. Press Release, Maura Healey, Mass. Att'y Gen., New Bedford Doctor Indicted on Charges of Prescribing Oxycodone Illegally to Patients (Dec. 21, 2012), <http://www.mass.gov/ago/news-and-updates/press-releases/2012/2012-12-21-dr-indictments.html>.
2. Press Release, Maura Healey, Mass. Att'y Gen., New Bedford Doctor Pleads Guilty to Charges of Prescribing Oxycodone Illegally to Patients (Aug. 16, 2013), <http://www.mass.gov/ago/news-and-updates/press-releases/2013/2013-08-16-dr-taylor-plea.html>.



Case Summary 87: From Public Housing to Prison

- **Defendant(s)**: Eugene Brown
- **Case Year**: 2013
- **State**: New Jersey
- **Case Status**: Brown pleaded guilty in January 2013 in U.S. District Court in Trenton to distribution and possession with intent to distribute oxycodone, and possession of a firearm by a convicted felon. A judge sentenced him to one year in prison. At least five other people were convicted of related crimes.
- **Description of Scheme**: Brown participated in a conspiracy to obtain fraudulent prescriptions for oxycodone-based pain medication and sell the pills on the street.
- **Key Facts**:
 - Brown lived on public assistance in an Atlantic City housing project, his \$775 monthly income barely able to cover his rent.
 - In pain from kidney dialysis and other ailments, Brown obtained painkillers from his doctor. Medicaid paid for the drugs.
 - Brown then sold some of his pills for money. A confidential informant told law-enforcement officials that Brown sold him 50 to 100 oxycodone-based pills on 4 to 6 occasions.
 - At sentencing, Brown apologized to the court. “First of all, I’d like to say I’m sorry I got myself into this situation, I can’t undo it,” he said. “I put myself in this situation.”

Sources:

1. Plea Agreement, *United States v. Brown*, No. 3:13-cr-00191-MAS-1 (D.N.J. Mar. 19, 2013).



Case Summary 88: A Drug Ring Ran Medical Offices, at Medicaid's Expense

- **Defendant(s)**: Dr. Zhanna Kanevsky
- **Case Year**: 2013
- **State**: New York
- **Case Status**: Dr. Kanevsky pleaded guilty in 2013 in Manhattan Supreme Court to participating in a prescription drug trafficking ring. A judge sentenced her to five years of probation. Prosecutors charged four other people in the case.
- **Description of Scheme**: Dr. Kanevsky wrote prescriptions for the Brooklyn-based ring, which distributed more than \$3.4 million in oxycodone and other prescription drugs through medical offices it controlled. Medicaid paid for some of the illicit prescriptions.
- **Key Facts**:
 - Between 2012 and May 2013, Dr. Kanevsky wrote prescriptions for about 100,000 oxycodone pills and 5,000 Xanax pills, with a combined street value of about \$2 million.
 - Dr. Kanevsky issued the prescriptions to what prosecutors called phony patients, whom she did not examine, while working at a Brooklyn medical office that the drug ring established.
 - The ring directed the patients to fill prescriptions written by Kanevsky and others at specified pharmacies, using Medicaid or cash.

Sources:

1. Press Release, Off. of the Special Narcotics Prosecutor for N.Y.C., Rx Trafficking Ring Controlled Brooklyn Medical Practices: Nearly \$3.4 million in pills diverted (July 17, 2013), http://www.snpnyc.org/wp-content/uploads/2016/05/rx_trafficking_brooklyn_new.pdf.
2. Frank Donnelly, *Doctor From Staten Island Wrote \$2 Million in Bogus Prescriptions Despite Being on Probation, Prosecutors Allege*, silive.com, July 18, 2013, http://www.silive.com/news/2013/07/doctor_from_staten_island_wrot.html.



Case Summary 89: Dentist Becomes Addicted to Opioids, Defrauds Medicaid

- **Defendant(s)**: Walter L. Dawkins
- **Case Year**: 2012
- **State**: Illinois
- **Case Status**: Dawkins pleaded guilty in September 2012 in U.S. District Court in Benton to health care fraud and illegal dispensation of a controlled substance. A judge sentenced him to one year in prison.
- **Description of Scheme**: Dawkins, a dentist, wrote hundreds of fraudulent opioid prescriptions, defrauding Medicaid.
- **Key Facts**:
 - Dawkins, who owned a dental clinic in Fairfield, Illinois, became addicted to hydrocodone and took up to 10 hydrocodone tablets at a time, according to court documents.
 - Dawkins wrote hydrocodone prescriptions with no legitimate medical need and arranged for a friend to fill them at various pharmacies. The friend gave some of the pills to Dawkins.
 - Some of Dawkins's prescriptions were for false names; others were for Medicaid recipients.
 - Medicaid paid \$1,242—out of a total \$3,597 bill—for 118 prescriptions Dawkins wrote for 6,006 Hydrocodone tablets.

Sources:

1. Stipulation of Facts, *United States v. Dawkins*, No. 4:12-cr-40101-JPG (S.D. Ill. Sept. 24, 2012).
2. Press Release, FBI, Wayne County Dentist Sentenced for Health Care Fraud and Illegal Distribution of Controlled Substances (Dec. 21, 2012), <https://archives.fbi.gov/archives/springfield/press-releases/2012/wayne-county-dentist-sentenced-for-health-care-fraud-and-illegal-distribution-of-controlled-substances>.
3. *Dentist in Illinois Headed to Prison for Peddling Painkillers*, Insurance Fraud News, Dec. 26, 2012, <http://www.insurancefraud.org/IFNS-detail.htm?key=15323>.



Case Summary 90: A Drug Ring out of Her Home

- **Defendant(s)**: Catherine McIntosh
- **Case Year**: 2011
- **State**: New York
- **Case Status**: McIntosh pleaded guilty in December 2011 in U.S. District Court in Buffalo to possession with intent to distribute controlled substances. A judge sentenced her to three years of probation.
- **Description of Scheme**: McIntosh sold her prescription opioids, which had been funded by Medicaid and Medicare.
- **Key Facts**:
 - A confidential informant told federal agents that McIntosh was selling controlled substances from her residence. Agents then used the informant—outfitted with a digital recorder and concealed body transmitter—to purchase drugs from McIntosh. The drugs included hydrocodone, fentanyl, and Xanax.
 - Medicaid and Medicare paid for the drugs McIntosh sold, which had been prescribed in her name.

Sources:

1. Press Release, U.S. Att’y Off., W.D.N.Y., Buffalo Woman Sentenced on Drug Charges (July 11, 2012), <https://www.justice.gov/sites/default/files/usao-wdny/legacy/2013/02/27/McIntosh2.pdf>.
2. Complaint, *United States v. McIntosh*, No. 1:11-cr-00340-WMS (W.D.N.Y. Sept. 28, 2011).



Case Summary 91: An Opioid-Addicted Mother, Medicaid, and a Dead Infant Son

- **Defendant(s)**: Tisheena Louise Brown
- **Case Year**: 2014
- **State**: Washington, D.C.
- **Case Status**: Brown pleaded guilty in May 2014 in D.C. Superior Court to insurance fraud and voluntary manslaughter. A judge sentenced her to four years in prison.
- **Description of Scheme**: Brown essentially “hospital-shopped,” fraudulently obtaining opioids from multiple hospitals and using Medicaid to pay for the drugs. Her infant son would end up dying from a prescription medication she gave him.
- **Key Facts**:
 - Brown, who had a history of prescription drug abuse, frequented Washington, D.C.-area hospitals to unlawfully obtain oxycodone, dilaudid, and other drugs.
 - At the hospitals, Brown filled prescriptions in her own name, without telling doctors she had obtained the same medications from other doctors and hospitals.
 - In a four-month period in 2013, various doctors prescribed Brown more than 1,700 pills. Medicaid paid for the medications.
 - In September 2013, Brown’s seven-week-old son stopped breathing and died after she gave him Promethazine, a prescription medication that a doctor had prescribed for her. Authorities ruled the death a homicide, caused by a lethal dose of Promethazine.

Sources:

1. Press Release, U.S. Att’y Off., D.C., District Woman Sentenced to Four Years in Prison (Oct. 24, 2014), <https://www.justice.gov/usao-dc/pr/district-woman-sentenced-four-years-prison>.
2. *District Woman Pleads Guilty to Manslaughter in Death of Her Infant Son Defendant Admits Drug Use, Also Pleads Guilty to Insurance Fraud*, State News Service, May 7, 2014.



Case Summary 92: “I Can Do That. I Will Give You Vicodin and Other Meds.”

- **Defendant(s)**: Dr. Basil Azim-Abdulmuti Qandil
- **Case Year**: 2014
- **State**: Michigan
- **Case Status**: A federal judge in U.S. District Court in Detroit convicted Dr. Qandil in April 2014 of illegal drug distribution, health care fraud, and money laundering. He failed to appear for his sentencing, and authorities issued an arrest warrant.
- **Description of Scheme**: Dr. Qandil ran a medical practice that doubled as a pill mill, prescribing millions of opioids and improperly billing Medicaid along with Medicare.
- **Key Facts**:
 - Prosecutors presented evidence at trial showing that Dr. Qandil prescribed 3.7 million dosage units of controlled substances—including oxycodone and Vicodin—between 2011 and 2013. He barely examined some patients, and did not examine others at all.
 - The drugs that Dr. Qandil prescribed were re-sold on the street or used by addicted patients. Lines would form at his clinic at 8 a.m. and block entry to a bank next door.
 - Court documents show that agents sent fake patients undercover into the medical clinic, some of whom paid with law enforcement-provided Medicaid cards. One such patient sought opioids for so-called back pain. “I can do that. I will give you Vicodin and other meds,” Dr. Qandil responded, and he then prescribed the drugs with no medical examination.
 - Dr. Qandil transferred more than \$1.5 million in illicit proceeds to a bank account in Amman, Jordan.

Sources:

1. *Metro Detroit Doctor Convicted of 34 Crimes in Drug, Fraud Probe*, CBS Detroit, Apr. 19, 2014, <http://detroit.cbslocal.com/2014/04/19/metro-detroit-doctor-convicted-in-drug-fraud-probe/>.
2. *Hamtramck Clinic Doctor Convicted in Drug, Fraud Investigation*, Crain’s Detroit Business, Apr. 18, 2014, <http://www.craindetroit.com/article/20140418/NEWS01/140419855/hamtramck-clinic-doctor-convicted-in-drug-fraud-investigation>.
3. Press Release, U.S. Att’y Gen. Off., E.D. Mich., Dearborn Heights Doctor Convicted of Health Care Fraud (Apr. 17, 2014), <https://www.justice.gov/usao-edmi/pr/dearborn-heights-doctor-convicted-health-care-fraud>.



4. Compl., *United States v. Qandil*, No. 2:13-mj-30029 (E.D. Mich. Jan. 15, 2013).



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Committee on Homeland Security and Governmental Affairs
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Case Summary 93: “Frankly, You're Lucky to Be Alive.”

- **Defendant(s)**: Dr. Robert Wayne Locklear
- **Case Year**: 2014
- **State**: Tennessee
- **Case Status**: Dr. Locklear pleaded guilty in June 2014 in U.S. District Court in Greeneville to conspiracy to distribute cocaine and conspiracy to commit health care fraud. A judge sentenced him to two years in prison and ordered him to pay \$121,958 in restitution to Medicaid and Medicare.
- **Description of Scheme**: Dr. Locklear was a crack cocaine addict who ran a suboxone clinic, prescribing suboxone and other medications without examining patients and defrauding Medicaid and Medicare.
- **Key Facts**:
 - Dr. Locklear admitted in court that he had a \$2,500-a-day crack cocaine habit. Evidence showed it impaired his ability to run his medical practice and his substance abuse clinic, which was designed to treat people with opioid addictions.
 - Dr. Locklear went back to his office at night to run the suboxone clinic and admitted that he saw patients while experiencing “a buzz.” In time, he saw patients infrequently and had unlicensed staff members prescribe suboxone to those he had not examined.
 - A federal judge noted at sentencing that Dr. Locklear’s defrauding of Medicaid and Medicare was “in some ways . . . a more serious offense.” Citing Dr. Locklear’s addiction, the judge told him: “Frankly, you’re lucky to be alive.”

Sources:

1. Press Release, FBI, Dr. Robert Wayne Locklear Sentenced to Serve 24 Months in Federal Prison on Crack Cocaine Conspiracy and Health Care Fraud Conspiracy Charges (Sept. 24, 2014), <https://www.fbi.gov/contact-us/field-offices/knoxville/news/press-releases/dr.-robert-wayne-locklear-sentenced-to-serve-24-months-in-federal-prison-on-crack-cocaine-conspiracy-and-health-care-fraud-conspiracy-charges>.
2. Ken Little, *Former Physician Sentenced in Federal Court*, The Greeneville Sun, Sept. 23, 2014, https://www.greenevillesun.com/news/local_news/former-physician-sentenced-in-federal-court/article_7fbc9a42-acd7-5edb-83fb-1b7565531874.html.



Case Summary 94: Toilet Paper and Paper Towels in Exchange for Opioids

- **Defendant(s)**: Dr. Matthew Bennett
- **Case Year**: 2015
- **State**: New York
- **Case Status**: Dr. Bennett pleaded guilty in April 2015 in U.S. District Court in Buffalo to unlawfully distributing and dispensing oxycodone. A judge sentenced him to three years in prison.
- **Description of Scheme**: Dr. Bennett wrote illegal prescriptions for opioids and other drugs to undercover law enforcement officers. Some of those prescriptions were billed to Medicaid.
- **Key Facts**:
 - Investigators said Dr. Bennett’s clinic often overflowed with patients who used Medicaid and private insurance to purchase painkillers from him.
 - Former patients and employees of Dr. Bennett told authorities he was issuing illegitimate prescriptions for controlled substances, triggering the investigation.
 - Dr. Bennett issued multiple prescriptions on seven occasions for oxymorphone, Roxicodone, and other drugs to undercover officers and informants.
 - Dr. Bennett often handed over the prescriptions in exchange for items such as paper products and a gas grill. In one instance, Dr. Bennett wrote a prescription for oxymorphone in the driveway of his home in exchange for toilet paper and paper towels delivered by an undercover officer.

Sources:

1. Press Release, U.S. Att’y Off., W.D.N.Y., Clarence Physician Pleads Guilty to Distributing Controlled Substances (Apr. 20, 2015), <https://www.justice.gov/usao-wdny/pr/clarence-physician-pleads-guilty-distributing-controlled-substances>.
2. Press Release, U.S. Att’y Off., W.D.N.Y., North Tonawanda Doctor Arrested; Charged with Illegally Dispensing Prescription Drugs (Aug. 10, 2012), <https://www.justice.gov/sites/default/files/usao-wdny/legacy/2013/02/27/Bennett.pdf>.
3. Compl., *United States v. Bennett*, No. 1:12-cr-00279-RJA-HBS (W.D.N.Y. Aug. 9, 2012).



Case Summary 95: Opioids in a Medical Clinic Parking Lot

- **Defendant(s)**: Dr. Nolan Denny Crisp
- **Case Year**: 2013
- **State**: Missouri
- **Case Status**: Dr. Crisp pleaded guilty in April 2013 in U.S. District Court in Springfield to illegal distribution and dispensing of controlled substances. A judge sentenced him to two years in prison.
- **Description of Scheme**: Dr. Crisp handed out excessive opioid prescriptions, including to a patient with whom he was having a sexual relationship. Prosecutors said Medicaid paid for some of the illegal prescriptions.
- **Key Facts**:
 - Employees at the medical clinic where Dr. Crisp worked expressed concern to authorities about his prescription-writing practices, noting that he met people in the parking lot he had not examined and gave them prescriptions.
 - Once word got out that Dr. Crisp was generous with prescriptions, some patients waited for him across the street in a church parking lot.
 - Dr. Crisp gave a woman with whom he was having a sexual relationship prescriptions for OxyContin and other opioids, even though she had no medical need for the drugs.
 - Prosecutors alleged that Dr. Crisp wrote illegal prescriptions for Medicaid beneficiaries, who filled them at pharmacies that billed Medicaid. Medicaid paid more than \$16,000 in claims for these illegal prescriptions and medically unnecessary office visits, according to court records.

Sources:

1. Press Release, FBI, Former Bolivar Clinic Physician Sentenced for Illegally Dispensing Narcotics (Oct. 29, 2013), <https://archives.fbi.gov/archives/kansascity/press-releases/2013/former-bolivar-clinic-physician-sentenced-for-illegally-dispensing-narcotics>.
2. *Washington: Former Boliver Clinic Physician Indicted for Illegally Dispensing Narcotics, Health Care Fraud*, US Official News, July 25, 2012.



Case Summary 96: “Money Before Medicine.”

- **Defendant(s)**: Dr. Stephen J. Schneider, Linda K. Schneider
- **Case Year**: 2010
- **State**: Kansas
- **Case Status**: A federal jury in U.S. District Court in Wichita convicted both defendants in June 2010 of conspiracy, unlawful distribution of controlled substances, health care fraud, and money laundering. A judge sentenced Dr. Schneider to 30 years in prison and Linda Schneider, his wife, to 33 years in prison.
- **Description of Scheme**: The Schneiders ran an illegal prescription drug distribution ring, defrauding Medicaid and other health insurers out of more than \$4 million.
- **Key Facts**:
 - Dr. Schneider saw patients and Linda Schneider, a Licensed Practical Nurse managed the business at the Schneider Medical Clinic.
 - The clinic illegally dispensed prescription opioids, including oxycodone, morphine and hydrocodone. Prosecutors focused their case at trial on 21 of 68 patients who died of drug overdoses connected to the Schneider’s medical care.
 - As part of their Medicaid fraud scheme, the couple falsified insurance claims.
 - Barry Grissom, then the U.S. attorney, said the couple “put money before medicine.”

Sources:

1. *Haysville Doctor and Wife Sentenced in Deadly Prescription Overdoses*, Targeted News Service, Oct. 25, 2012.



Case Summary 97: Massive Amounts of Opioids and a Massive Medicaid Fraud

- **Defendant(s)**: Antoine Johnson and Lawanda Johnson
- **Case Year**: 2011
- **State**: Washington
- **Case Status**: A federal jury in U.S. District Court in Tacoma convicted both defendants in November 2011 of health care fraud and filing false income tax returns. Jurors also convicted Antoine Johnson of illegal drug distribution. A judge sentenced Antoine Johnson to 12 years and seven months in prison and his mother, Lawanda Johnson, to seven years and three months in prison.
- **Description of Scheme**: The Johnsons ran four medical clinics in western Washington, giving patients massive amounts of illegitimate opioids and engaging in a systematic scheme to defraud Medicaid.
- **Key Facts**:
 - With Dr. Johnson as the only medical doctor, the Johnson clinics had thousands of patients. The clinics dispensed excessive prescriptions for opioids, including oxycodone and methadone, to patients who Dr. Johnson did not examine.
 - Patients got their opioid prescriptions renewed for months and years at a time and often picked up prescriptions that Dr. Johnson had pre-signed.
 - An audit of the clinic's Medicaid billing practices triggered the criminal investigation. Prosecutors showed that the Johnsons consistently billed Medicaid for higher levels of service than actually provided, including for patients who were only in the clinic for drug refills.

Sources:

1. Press Release, FBI, South Sound Doctor Sentenced to More Than 12 Years in Prison for Health Care Fraud, Tax Crimes, and Drug Distribution (Mar. 29, 2012), <https://archives.fbi.gov/archives/seattle/press-releases/2012/south-sound-doctor-sentenced-to-more-than-12-years-in-prison-for-health-care-fraud-tax-crimes-and-drug-distribution>.



Case Summary 98: Strippers, Bartenders, and Bouncers

- **Defendant(s)**: Dr. Bruce Layne Baker
- **Case Year**: 2011
- **State** Missouri
- **Case Status**: Dr. Baker pleaded guilty in January 2011 in U.S. District Court in Kansas City to conspiracy to distribute a controlled substance and health care fraud. A judge sentenced him to six years and three months in prison. Authorities charged eight other defendants in related cases.
- **Description of Scheme**: Dr. Baker participated in a conspiracy to illegally distribute oxycodone and OxyContin, defrauding Medicaid, Medicare, and private insurers out of more than \$214,000.
- **Key Facts**:
 - Dr. Baker operated a medical business that made house calls to hotels and businesses, where he provided prescriptions for strippers, bartenders, and bouncers with no medical need for the medication.
 - Dr. Baker issued prescriptions to co-conspirators for oxycodone and OxyContin that had no legitimate medical purpose. The co-conspirators then illegally sold the medications. In total, the conspiracy was responsible for distributing more than \$1 million worth of illicit opioids.
 - Dr. Baker submitted fraudulent claims to Medicaid and other insurers for nearly 83,000 pills, with the health care benefit programs paying him more than \$214,000.

Sources:

1. Press Release, U.S. Att’y Off., W.D. Mo., Independence Physician Sentenced for \$1 Million Drug-Trafficking Conspiracy (June 26, 2012), <https://www.justice.gov/archive/usao/mow/news2012/baker.sen.html>.



Case Summary 99: Using Opioids Meant for Nursing Home Patients, While Bilking Medicaid

- **Defendant(s)**: Diana Van Etten
- **Case Year**: 2012
- **State**: Illinois
- **Case Status**: Van Etten pleaded guilty in June 2012 in U.S. District Court in East St. Louis to health care fraud. A judge sentenced her to two years of probation
- **Description of Scheme**: Van Etten diverted for her own use an opioid painkiller intended for residents of a nursing home, defrauding Medicaid.
- **Key Facts**:
 - Van Etten worked as a nurse at the Caseyville Nursing home in Caseyville, Illinois.
 - From 2010 to 2012, she signed out hydrocodone and claimed she was giving it to residents. Instead, she used the drug herself.
 - Prosecutors said Van Etten caused 11 false claims to be submitted to the Illinois Medicaid program.

Sources:

1. *Former Nurse Gets Probation in Fraud*, Telegraph Herald, Oct. 9, 2012.



Case Summary 100: Medicaid, a Swiss Bank Account and “The Candy Shop”

- **Defendant(s)**: Dr. Bharat Patel, Dr. Ramil Mansourov
- **Case Year**: 2017
- **State**: Connecticut
- **Case Status**: A federal grand jury in Bridgeport indicted both defendants in July 2017 on charges of conspiracy to distribute controlled substances, health care fraud, and money laundering. Both have pleaded not guilty.
- **Description of Scheme**: Prosecutors allege that Dr. Patel and Dr. Mansourov provided unlawful prescriptions for opioid painkillers to known drug dealers and addicts in exchange for cash. Some of the people paying Dr. Patel, prosecutors say, filled his prescriptions with Medicaid cards and then distributed the drugs.
- **Key Facts**:
 - The doctors are family physicians who ran an urgent care facility in Norwalk, Connecticut. Prosecutors say some drug addicts referred to the practice as “The Candy Shop.”
 - Prosecutors allege that Dr. Mansourov also defrauded Medicaid out of more than \$4 million through deceptive billing practices, including billing the program for at least 500 non-existent visits to a single patient.
 - Canadian authorities caught Dr. Mansourov trying to flee the United States after his indictment, and after he reportedly moved some of the stolen funds to a Swiss bank account.

Sources:

1. Press Release, U.S. Att’y Off., Conn., Indictment Charges Doctors with Drug Distribution, Health Care Fraud and Money Laundering Offenses (July 26, 2017), <https://www.justice.gov/usao-ct/pr/indictment-charges-doctors-drug-distribution-health-care-fraud-and-money-laundering>.
2. Jim Shay, *Feds: ‘Candy Shop’ Doctor From Milford Allegedly Prescribed Opioids to Addicts, Dealers*, New Haven Register, July 13, 2017, <http://www.nhregister.com/connecticut/article/Feds-Candy-Shop-doctor-from-Milford-11308504.php>.
3. Rich Scinto, *‘Candy Shop’ Norwalk Doctors Indicted: Feds*, Norwalk Patch, July 26, 2017, <https://patch.com/connecticut/norwalk/video-shows-candy-shop-doc-writing-scripts-cash-feds>.



CONCLUSION

As the abuse of prescription opioids increasingly escalates into a national emergency, it is clear that the problem does not spring from any one cause. Millions who are not on Medicaid have been affected by the epidemic, which reaches into all levels of class, race and income. People get hooked on opioids for a variety of reasons—it can be something as innocuous as a routine surgery, a fall or a car crash.²⁸⁰ Medicaid is surely not the opioid epidemic’s sole cause, and this report is not intended to cast blame, especially on the millions of hard-working Medicaid recipients who are trying to forge a better life. Nor does this report question the good intentions of those who argue that expanding Medicaid is essential to stopping the opioid epidemic and treating its victims. Clearly, those who are truly suffering deserve treatment, and our nation must fight the scourge of illicit drugs.

But good intentions do not always lead to good policy. As this staff report highlights, overwhelming evidence shows that Medicaid has inadvertently contributed to the national tragedy that is the opioid epidemic, and has taken a toll that is playing out in courtrooms across the nation. Although this staff report examines only Medicaid in detail, other well-intended government programs, such as Medicare, may provide similar incentives for rational actors to engage in bad behavior with highly addictive opioids. These issues hold major ramifications for public policy, along with the nation’s health. They deserve serious consideration and a sober national debate, one we hope this staff report will help to initiate. The victims of this terrible epidemic deserve no less.

²⁸⁰ See Ctrs. for Medicare & Medicaid Svcs., *Opioid Misuse Strategy 2016* (Jan. 5, 2017), available at <https://www.cms.gov/Outreach-and-Education/Outreach/Partnerships/Downloads/CMS-Opioid-Misuse-Strategy-2016.pdf>.

