Criminal Investigations Involving Health Care

Individual Arrested on Theft and Fraud Charges
A nonveteran was arrested for healthcare fraud, false statements, and theft of government property. A Department of Veterans Affairs Office of Inspector General (OIG) and Department of Housing and Urban Development (HUD) OIG investigation resulted in charges alleging the defendant submitted various documents to the government in which he fraudulently claimed to have served in the Marine Corps. As a result of this false statement, the defendant received VA healthcare benefits totaling more than $194,500 and HUD housing benefits totaling approximately $4,300.

Veteran Pled Guilty to Drug Distribution
The OIG, Drug Enforcement Administration (DEA), and local police conducted an investigation targeting the illegal sale of drugs and drug overdoses at the West Haven, Connecticut, VA Medical Center (VAMC). This investigation identified multiple defendants involved in the distribution of illicit drugs and controlled pharmaceuticals at the VAMC. Among the defendants, a veteran pled guilty to the drug distribution charges. To date, three defendants have pled guilty to these charges and one is awaiting trial.

Veteran Indicted for Making Threats Against a Federal Employee and Assaulting Federal Officers
An OIG and VA Police Service investigation resulted in charges alleging that on multiple occasions, a veteran threatened to inflict serious physical harm on a benefits fiduciary supervisor. The defendant made these threats after learning that VA was reviewing his ability to handle his own financial affairs. Also, the veteran resisted arrest and assaulted officers during the OIG and VA Police Service’s execution of an arrest warrant at the Cleveland, Ohio, VAMC.

Veteran Arrested for Assaulting a San Diego, California, VA Medical Center Social Worker and Threatening a VA OIG Special Agent
A veteran was arrested on charges related to knocking over objects and throwing items in a VAMC social worker’s office, including a computer monitor. According to the OIG and VA Police investigation, when attempting to escape, the veteran allegedly grabbed the social worker’s head and forcefully and repeatedly pulled it into his body. After the social worker escaped, the veteran continued to grab and throw items inside the room until the VA Police Service officers arrived. The social worker sustained head and neck injuries related to this assault. While in police custody, the veteran also threatened to assault an OIG special agent.
Criminal Investigations Involving Benefits

**Veteran Indicted for Compensation Benefits Fraud Scheme**
A veteran was indicted for theft of government funds and making false statements. An OIG investigation resulted in charges alleging that the veteran maintained a full-time position as an auto service manager while receiving VA Individual Unemployability benefits, without reporting his income or employment to VA. The loss to VA is approximately $242,700.

**Former VA Fiduciary Indicted for Theft Scheme**
A former VA-appointed fiduciary was indicted on charges of misappropriation by a fiduciary and theft of government property. The OIG investigation found that the fiduciary stole over $205,000 in VA funds intended for a veteran.

**Daughter of Deceased VA Beneficiary Sentenced for Theft of Government Funds**
The daughter of a deceased VA beneficiary pled guilty to theft of government funds and was sentenced to 36 months’ probation and restitution of over $110,000. The OIG investigation revealed the daughter received, forged, and negotiated (cashed or deposited) VA benefits checks that were issued after her mother’s death. The loss to VA is more than $135,200.

**Spouse of Veteran Judged Incompetent Arrested for Theft Scheme**
The spouse of a veteran found to be legally incompetent was arrested for creating a false document and theft of government funds. An OIG investigation led to charges alleging that the spouse, who served as the veteran’s fiduciary, submitted false claims to VA asserting she paid approximately $36,000 a year for “caregiver” services. The veteran received an additional $2,000 in monthly VA pension benefits resulting from these claims. The loss to VA is approximately $134,000.

**Veteran Sentenced for Theft of Government Funds**
An OIG investigation revealed that a veteran manufactured and forged fraudulent home healthcare records to obtain VA disability benefits based upon an alleged need for aid and attendance. While receiving these VA benefits and claiming to be unemployed, the veteran owned and operated a construction and home remodeling company. The veteran was sentenced to 10 months’ incarceration, 36 months’ supervised release, restitution of approximately $117,500, and ordered to obtain mental health treatment. The loss to VA is approximately $117,500.

Criminal Investigations Involving Other Matters

**Individual Arrested for Alleged Role in Service-Disabled Veteran-Owned Small Business Fraud Scheme**
A former manager for a Service-Disabled Veteran-Owned Small Business (SDVOSB) was arrested after being indicted for filing false tax forms. A multiagency investigation led to charges alleging that the defendant, who also owned a non-SDVOSB, claimed a total of $1.6 million in business expenses related
to that company while knowing that the actual expenses were substantially lower. The non-SDVOSB received payments from the SDVOSB, which was purportedly owned by a service-disabled veteran/minority (8a) owner but was actually owned and operated by the defendant and other ineligible individuals. The SDVOSB was awarded $335 million in set-aside contracts, of which $118 million was awarded by VA. The defendant and others allegedly formed or acquired two additional pass-through companies that were awarded $33 million in set-aside contracts, of which $21 million was awarded by VA. The investigation was conducted by the VA OIG, Defense Criminal Investigative Service (DCIS), Small Business Administration OIG, Department of Labor (DOL) OIG, DOL Employee Benefits Security Administration, Army Criminal Investigation Command, Department of Agriculture OIG, General Services Administration OIG, Internal Revenue Service Criminal Investigation, Air Force Office of Special Investigations, Naval Criminal Investigative Service, and U.S. Secret Service.

Marketer Charged in Compound Pharmacy Kickback Scheme
A pharmacy marketer was charged for allegedly participating in a multimillion dollar kickback conspiracy in which physicians were offered money to fraudulently prescribe particular compounding pharmaceuticals. The VA OIG, DCIS, Federal Bureau of Investigation, U.S. Postal Service OIG, DEA, and DOL OIG conducted the investigation. The resulting charges indicate that the scheme used multiple fraudulent practices to bill over $42.2 million to the VA’s Civilian Health and Medical Program (CHAMPVA) and DOL’s Office of Workers’ Compensation Program. The loss to VA is approximately $3 million.

Compounding Pharmacy Agrees to Settle False Claims Allegations
Another compounding pharmacy agreed to pay $17 million to settle allegations that it submitted false claims to government healthcare programs. As part of the settlement, VA will receive $170,000. The company provides a range of renal and specialized pharmacy compounding services, to include the compounding of a proprietary drug that is used in the infusion of an intravenous nutritional formula (intradialytic parenteral nutrition) and nutrition delivered into the peritoneal cavity (intraperitoneal nutrition) for individuals with end stage renal disease. A VA OIG, Department of Health and Human Services OIG, and Office of Personnel Management OIG investigation alleged that from 2007 to 2018, the company overbilled government healthcare programs for excessive amounts of product wasted during the compounding of its proprietary drug. The company also routinely waived patient copayments and deductible obligations to induce sales of the drug.

Engineering and Construction Services Firm Agrees to Settlement Agreement
An engineering and construction services firm executed a settlement agreement with the Department of Justice in which it agreed to pay more than $5.2 million for alleged violations of the False Claims Act. Of this amount, VA is expected to receive $3 million. The violations involved federal engineering service contracts that were intended for SDVOSBs and other small businesses. A VA OIG, DCIS, and SBA OIG investigation was initiated based on the engineering and construction services firm’s own disclosure. The firm was formed through the prior merger of two engineering firms. The self-disclosure
indicated that prior to the merger, one of the merger participants conspired with a SDVOSB to obtain set-aside federal contracts for which the firm was ineligible. This merger participant and the SDVOSB misrepresented their office locations, project completions, and staffing capabilities to the government.

Healthcare Inspections

**Medication Management, Dispensing, and Administration Deficiencies at the VA Maryland Health Care System in Perry Point, Maryland**

The OIG reviewed the care of a hospice patient who died after receiving a potential overdose of oxycodone. The OIG found deficiencies in the facility’s medication management of this high-risk medication, yet was unable to determine whether the potential overdose contributed to the patient’s death. Pharmacy Service staff dispensed concentrated oxycodone solution from one bulk bottle, rather than in unit doses, increasing risks in all phases of medication management. Furthermore, nurses did not have the supplies to accurately measure small doses of the solution. VA facility leaders failed to recognize the risks and did not evaluate the patient’s death following the potential overdose to determine causes or system issues. The OIG made eight recommendations related to evaluating the inaccuracies and risks involved with using bulk bottles of concentrated oxycodone solutions, quality reviews, and nurse processes.

**Delays in Processing Community-Based Patient Care at the Orlando VA Medical Center**

The OIG conducted a healthcare inspection at the Orlando VAMC in Florida after receiving a request from Congressman Bill Posey to review allegations concerning delays in non-VA care coordination (NVCC) consults (requests for clinical services) resulting in adverse clinical outcomes, including a patient’s death. Although the patient died before undergoing heart surgery, there was not a delay in the facility’s approval of the NVCC consult. Facility staff generally complied with consult processing and scheduling guidelines for the patient. The OIG substantiated delays in the processing of other NVCC consults due to an increase in the number of consults along with limited staff, but did not identify adverse clinical outcomes associated with the delays. The facility also lacked a fully implemented tool for tracking NVCC consults. Six recommendations were made related to a practitioner’s care, providers’ assigning of dates for scheduling appointments, and a tool to track the coordination of care process.

To listen to the podcast on the OIG’s February 2019 activity highlights, go to [www.va.gov/oig/podcasts](http://www.va.gov/oig/podcasts).