Amtrak OIG supports nationwide health care fraud enforcement, recommends action to bolster company's medical claims controls

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For Immediate Release

WASHINGTON -- Special agents from Amtrak's Office of Inspector General supported the U.S. Department of Justice during a nationwide health care fraud enforcement action this week resulting in charges against hundreds of individuals allegedly involved in fraudulent activities.

Amtrak OIG special agents and other law enforcement officials from dozens of agencies conducted the operation that spread across 58 federal districts. According to a DOJ press release, 601 individuals were charged for alleged participation in health care fraud schemes that resulted in more than $2 billion in false billings. Of those charged, 165 were doctors, nurses, or licensed medical professionals.

As part of the DOJ actions this week, information obtained in Amtrak OIG-supported health care fraud investigations in California and Florida helped lead to the charging of 22 individuals for alleged health care fraud-related crimes.

In the California investigation, OIG agents discovered that the owner of a health and wellness company allegedly misled Amtrak employees by claiming that their health plan covered gym memberships, personal trainers, supplements, and fitness tracking devices. The owner allegedly used this ruse to collect insurance information from the employees and subsequently generate falsified prescriptions for compounded medications in the employees' names. The owner allegedly provided the falsified prescriptions to the owners of a pharmacy—co-conspirators in the scheme—who would then bill Amtrak's health plan. In exchange for the prescriptions, the health and wellness company owner allegedly received hundreds of thousands of dollars in kickback payments from the pharmacy owners. The health and wellness company owner was charged with one count of health care fraud and one count of conspiracy to commit health care fraud as part of this week's DOJ enforcement action.

In the Florida investigation, OIG agents helped uncover a scheme where substance abuse treatment center owners established illegal kickback/bribe relationships with owners of sober homes, drug-free living facilities meant to provide a safe place for those recovering from substance abuse problems.

Together, the owners of the treatment facilities and sober homes would recruit insured patients by offering them money, drugs, and reduced rent in exchange for submitting to unnecessary tests. The treatment center employees would then prescribe a series of bodily fluid tests, many of which were falsified by center employees, and share a percentage of insurance payments with the sober homes owners.

"These cases reinforce our commitment and determination to pursue those who would defraud Amtrak's health care programs and target such vulnerable populations," said Amtrak Inspector General Tom Howard. "Our agents will continue to hold perpetrators accountable and to protect Amtrak, its employees and their dependents."

With FBI estimates indicating that 3 to 10 percent of all health care expenditures are fraudulent, Amtrak OIG has also approached this issue through its audit work. For example, in March 2018, Amtrak OIG published an audit report that found Amtrak appeared to be identifying only a small portion of potentially fraudulent medical claims made by individual medical service providers. The OIG report found that, among the medical claims examined, as much as 14 percent submitted to Amtrak insurance companies by physicians, nurses, physical therapists and other individual providers from 2013 to 2015 may have been fraudulent. To identify potential fraud, auditors used a risk-based methodology to identify providers with suspicious billing patterns.

Common schemes included billing patients' insurance companies for medically unnecessary tests, treatments, or prescription drugs, according to the DOJ. In the Amtrak OIG report, auditors also examined other indicators of potential health care fraud to include significant cost variance between providers for the same procedure, high frequencies of billing for certain tests or procedures, and a high number of shared patients between health care providers indicating potential coordinated efforts to refer patients for unnecessary medical services.

Individuals who are charged remain innocent until proven guilty. More information about these cases and Amtrak OIG is available at www.amtrakoig.gov.

United States Attorney's Office, Central District of California Press Release: https://www.justice.gov/usao-cdca/pr/part-national-healthcare-fraud-sweep-los-angeles-based-prosecutors-filed-16-cases

United States Attorney's Office, Southern District of Florida Press Release: https://www.justice.gov/usao-sdfl/pr/southern-district-florida-charges-124-individuals-responsible-337-million-false-billing

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