



**U.S. OFFICE OF PERSONNEL MANAGEMENT
OFFICE OF THE INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS**

Quarterly Case Summaries

Investigative Activities

Fiscal Year 2021

Quarter 2

January 2021 – March 2021

Issued: July 2021

List of Acronyms

AKS	Anti-Kickback Statute
CSRS	Civil Service Retirement System
DOJ	Department of Justice
FBI	Federal Bureau of Investigation
FDA	Food and Drug Administration
FEDVIP	Federal Employees Dental and Vision Insurance Program
FEGLI	Federal Employees' Group Life Insurance
FEHBP	Federal Employees Health Benefits Program
FEI	The Federal Executive Institute
FERS	Federal Employee Retirement System
FFS	Fee-for-Service
FY	Fiscal Year
HHS	U.S. Department of Health and Human Services
HMO	Health Maintenance Organization
NBIB	National Background Investigations Bureau
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
OIG	Office of the Inspector General
OPM	U.S. Office of Personnel Management
OSC	U.S. Office of the Special Counsel
ROI	Report of Investigation

Overview of U.S. Office of Personnel Management (OPM) Programs and Activities

OPM-administered Federal Retirement Programs include two primary Federal defined-benefit retirement plans: the **Civil Service Retirement System (CSRS)**, which covers employees hired by the Federal Government between 1920 and 1986, and the **Federal Employees Retirement System (FERS)**, which covers employees hired after 1987. These plans provide monthly annuities based on a Federal Government retiree's service. Additionally, **OPM Disability Retirement** allows for FERS-eligible Federal employees who become disabled to collect benefits.

The Federal Employees Dental and Vision Insurance Program (FEDVIP) makes supplemental dental and vision insurance available to Federal employees and retirees who are eligible for Federal employment benefits. FEDVIP operates on an enrollee-pay-all basis and creates a group pool that allows for competitive premiums and no preexisting condition limitations.

The Federal Employees' Group Life Insurance (FEGLI) program is the largest group life insurance program in the world, covering over 4 million Federal employees and retirees, as

well as many of their family members. It provides a standard group term life insurance and elective coverage options.

The Federal Employees Health Benefits Program (FEHBP) provides health insurance to Federal employees, retirees, and their eligible dependents. It is the largest employer-sponsored health insurance program in the world and administers benefit payments within a universe of over 200 health plans, including health maintenance organizations (HMOs) and fee-for-service health plans from a number of private health insurance carriers.

The Federal Executive Institute (FEI) is part of OPM's Center for Leadership Development and training center offers learning and ongoing leadership development for Federal senior leaders through classes and programs to improve the performance of Government agencies.

The Combined Federal Campaign (CFC) is the world's largest and most successful annual workplace charity campaign. It raises millions of dollars each year through pledges made by Federal civilian and retiree, postal, and military donors during the campaign season. These pledges support eligible nonprofit organizations.

The National Background Investigations Bureau (NBIB), a former OPM bureau, conducted background investigations of Federal job applicants, employees, members of the armed services, and contractor personnel for suitability and security purposes. NBIB and its functions were transferred to the Department of Defense on October 1, 2019, and it is now the Defense Counterintelligence and Security Agency. Background investigators submitted their findings from interviews and other background work in **Reports of Investigation (ROIs)**.

The OPM Office of the Inspector General (OIG) Hotline is mandated by the Inspector General Act of 1978, as amended, and helps ensure the proper and efficient use of taxpayer dollars for the American people. Government employees, contractors, or members of the public can report criminal activity, fraud, waste, abuse, and mismanagement of OPM programs via the Hotline. OIG Hotline staff review and process complaints, and complaints may result in an investigation, audit, or evaluation performed by the OIG. Reports to the OPM OIG hotline can be submitted:

- ❖ By telephone (1-877-499-7295);
- ❖ By mail
U.S. Office of Personnel Management, Office of the Inspector General
Theodore Roosevelt Building
1900 E Street NW
Room 6400
Washington, DC 20015-1100; or
- ❖ Online (opm.gov/our-inspector-general/hotline-to-report-fraud-waste-or-abuse/complaint-form/).

At the end of this document, we include an additional glossary related to the types of investigations we conduct in our oversight mission to protect OPM programs from fraud, waste, and abuse.

Director's Report

In this report, the U.S. Office of Personnel Management (OPM) Office of the Inspector General (OIG) presents summaries of noteworthy cases investigated by the OPM OIG's Office of Investigations as we endeavor to curtail improper payments, stop patient harm, protect OPM programs, and provide independent and objective oversight of OPM operations. We have selected these cases to highlight the successes of our special agents and Investigative Support Operations group, as well as to describe the types of waste, fraud, abuse, and mismanagement that harm OPM, its programs, and Federal employees, retirees, and their dependents.

The cases below represent a period from January 1, 2021, through March 31, 2021.

This period was affected by the ongoing novel coronavirus (COVID-19) pandemic throughout the Nation, which includes changing investigative priorities and impact to criminal investigators' ability to travel, conduct interviews, and interact with our law enforcement and Department of Justice (DOJ) partners whose offices closed or transitioned to socially distanced-only operations. Most OPM OIG Federal employees are operating under a maximum telework posture. We are part of the Pandemic Response Accountability Committee and the DOJ's Proactive Data Group as part of our work to investigate fraud, waste, abuse, and mismanagement related to the OPM-administered Federal Employees Health Benefits Program (FEHBP) and other OPM programs and operations.

Health Care Fraud Investigations

According to OPM, in Fiscal Year (FY) 2020, the FEHBP across all of its health insurance carriers paid more than \$25.18 million in improper payments, for an improper payment rate of 0.05 percent. These substantial, costly improper payments often derive from fraud, waste, or abuse throughout the FEHBP and negatively affect premium rates and the program as a whole. Moreover, fraudulent schemes that generate improper payments often also cause patient harm.

Anti-Kickback Statute

The Federal Anti-Kickback Statute (AKS) is one of the best-known Federal fraud and abuse statutes. The AKS is a criminal statute that prohibits transactions intended to induce or reward referrals for items or services reimbursed by Federal health care programs. It has a significant effect on business relationships in the health care, pharmaceutical, and medical device sectors.

The FEHBP continues to be excluded from the AKS.

We have previously discussed issues arising from this exclusion at length in several Semiannual Reports to Congress, and we will continue to work with Congress to address this gross injustice. We do not report any cases we were excluded from in this period, but we do want to reiterate the continued harm exclusion from the AKS causes to the FEHBP. Additionally, in some cases that are still success by other means, court-ordered restitution may exclude losses that would otherwise be ordered repaid under the AKS.

Health Care Fraud Investigations Affected by the COVID-19 Pandemic

During this quarter, we had a case negatively affected by the COVID-19 pandemic.

- ❖ We received a FEHBP carrier notification that a provider group was billing for services not rendered. The FEHBP had paid \$1.4 million in medical claims to the provider over the past 5 years. However, because of ongoing COVID-19 restrictions and deconfliction efforts by the U.S. Attorney's Office for the Western District of Washington, we suspended our investigation on January 6, 2021.

Conspiracy

- ❖ In June 2019, we received information from a law enforcement partner about a provider group billing for unnecessary genetic testing and laboratories paying kickbacks in exchange for referrals. The FEHBP's exposure totaled \$25,613 related to the scheme. . Multiple individuals had been previously charged in the U.S. District Court for the Middle District of Louisiana, and on January 22, 2020, one individual pled guilty to conspiracy to commit health care fraud and wire fraud.

Civil Case Against FEHBP Health Insurance Carrier

- ❖ In August 2017, we received a whistleblower complaint that alleged an FEHBP health insurance carrier and one of its previous vendors worked together to bill the FEHBP for services not rendered by a physician or other qualified health care professional. The FEHBP paid the vendor \$4.6 million for services provided under certain procedural codes allegedly used in the fraud. The alleged fraud occurred between 2017 and 2019. Our investigation found that the FEHBP health insurance carrier and the vendor agreed in January 2017 to change the vendor's expenses from administrative expenses to claims expenses, potentially as a way to hide the fraud. On February 26, 2021, FEHBP health insurance carrier paid \$5.78 million to OPM in a civil settlement to resolve the allegations, consisting of the entire loss with a 1.25-percent multiplier to resolve the allegations. The FEHBP health insurance carrier also overhauled its Special Investigations Unit due to our investigation.

Travel Act Investigations

- ❖ We previously reported a case wherein between 2009 and 2012, a physician-owned hospital paid kickbacks to providers in exchange for referring patients or performing out-of-network surgeries. The FEHBP had paid more than \$18.1 million in claims related to the allegations. In previous quarterly summaries and semiannual reports to Congress, we reported that multiple individuals were indicted in the U.S. District Court for the Northern District of Texas on charges including violations of the Travel Act and health care fraud. After previously pleading guilty, 11 individuals were sentenced on March 17 and 18, 2021. Together, these judicial actions represent more than 60 years of sentenced prison time related to this fraud. As a result of the Assistant U.S. Attorney's decision to

select a portion of the loss, the FEHBP will receive \$840,005 in restitution related to the criminal portion of this case.

Telemedicine Fraud

- ❖ In March 2015, we received a case notification from an FEHBP health insurance carrier regarding a provider group filling prescriptions for unauthorized compounded medications. Our investigation found a provider used telemedicine as a means of excessively prescribing these medications, and the provider received compensation to prescribe exorbitantly expensive compounded medications. The total FEHBP loss related to compounded medications written by this provider between January 2014 and December 2016 was \$161,179. We previously reported that the provider pled guilty in the U.S. District Court for the District of New Jersey for attempt and conspiracy to commit health care fraud. On January 27, 2021, the provider was sentenced to 33 months of imprisonment, 3 years of supervised release, and ordered to pay restitution of \$24,294,167. Despite the confirmed FEHBP improper payments, the court did not order the FEHBP receive restitution.

Administrative Recoveries

- ❖ In July 2019, we received a case notification from an FEHBP health insurance carrier regarding a provider group with unusual billing practices. The loss to the FEHBP identified as related to the alleged fraud, waste, or abuse was \$35,761. On March 25, 2021, we were notified the carrier entered into a settlement with the provider group for \$150,000, of which \$15,000 is an administrative recovery returned to the FEHBP.
- ❖ In May 2019, we received a case notification from an FEHBP health insurance carrier regarding a provider who signed a consent order with the Virginia Board of Medicine stating that they practiced with an expired license and allowed unlicensed employees to take x rays of patients. The FEHBP loss was \$120,259. The FEHBP health insurance carrier and the provider entered into a settlement agreement to resolve the allegations. The provider paid \$118,507, of which \$15,877 was an administrative recovery returned to the FEHBP.
- ❖ In April 2019, we received a case notification from an FEHBP health insurance carrier regarding a provider with suspicious billing patterns. Our investigative support group determined the FEHBP loss was \$34,342. On March 17, 2021, we received notice that the FEHBP health insurance carrier had received repayment of the full amount to be returned to the FEHBP as an administrative recovery.
- ❖ In February 2021, we received a case notification from an FEHBP health insurance carrier regarding a provider group alleged to have suspicious and fraudulent billing patterns. The loss to the FEHBP was \$1,626 for payments specifically related to the allegation. On March 18, 2021, the FEHBP health insurance carrier entered into a settlement with the provider group, and \$251 was returned to the FEHBP in an administrative recovery.

- ❖ We received a referral from an FEHBP carrier in November 2020 regarding a provider with suspicious billing patterns. The FEHBP loss was \$49,445. On January 4, 2021, we received a signed and executed settlement agreement where the provider will repay \$30,000. Of this, \$16,004 will be returned to the FEHBP as an administrative recovery.
- ❖ Our Investigative Support Operations group received a carrier notification from an FEHBP insurance carrier regarding a provider's suspicious billing patterns. The loss to the FEHBP was \$34,342. On March 17, 2021, we received information that the carrier and the provider negotiated a settlement that returned an administrative recovery of \$34,342 to the FEHBP.

Special Topic: The Opioid Epidemic

In his 2017 memorandum "Combating the National Drug and Opioid Crisis," former President Donald J. Trump declared the opioid crisis a public health emergency and directed a multi-agency response to combat the nationwide issue. The FEHBP faces substantial negative impacts from the opioid epidemic, as Federal employees and their families have not been spared from addiction, treatment, and other ancillary harms and costs associated with the crisis. Recent statistics from the Centers for Disease Control and Prevention show that the number of opioid deaths nationwide is rising again. The number of opioid claims and the cost of those claims increased across almost all FEHBP carriers in 2020, during the COVID-19 pandemic. Addressing opioid-related issues remains a priority for our Office of Investigations.

Health Care Fraud Conspiracy

- ❖ In October 2016, we received a referral from an FEHBP carrier alleging that a provider had suspicious billing activity related to high-dollar medications, including naloxone, which is used to treat acute opioid overdose. The FEHBP paid more than \$670,000 for the at-issue medications. We previously reported about indictments and guilty pleas in the U.S. District Court for the Eastern District of Virginia. On March 5, 2021, two individuals were sentenced. The first individual was sentenced to 36 months of imprisonment, 3 years of supervised release, and was ordered by the court to pay \$5.1 million, of which the FEHBP will receive \$980,758. The second individual was sentenced to 12 months and 1 day of imprisonment and 2 years of supervised release. Further judicial action is anticipated in this case.

Retirement Annuity Fraud Investigations

In FY 2020, OPM reported that they paid more than \$299.04 million in improper payments related to its retirement programs to retirees, survivors, representative payees, and families, largely from the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS) retirement programs. One of the most common causes of improper payments is failure to verify the deaths of annuitants, which sometimes allows improper payments to continue for years and costs tens of thousands of dollars. Fraud by forged documents, identity

theft, and other schemes also highlight program vulnerabilities, and in some cases may stop Federal retirees or rightful annuitants from receiving their deserved benefits.

Statute of Limitations

- ❖ In October 2020, our Investigative Support Operations group received a fraud referral from the OPM Retirement Services program office regarding a deceased survivor annuitant. The survivor annuitant had died in July 1988, but their death was not reported to OPM and annuity payments continued through December 2012, resulting in \$129,967 in improper payments. Our investigation found minimal activity until October 2014, when suspicious activity on the account began. However, because the last payment to the deceased survivor annuitant was made in January 2013, the statute of limitations expired. Therefore, we returned the case to the OPM Office of the Chief Financial Officer (OCFO) to continue their collection efforts.
- ❖ In April 2020, our Investigative Support Operations group identified a March 1994 death record for a survivor annuitant. The Retirement Services program office had stopped payments in April 2010, but did not drop the case for death or initiate actions to recover \$134,320 in post-death annuity payments and \$149,733 in health benefit premiums paid after the annuitant's death. The Retirement Services program office initiated actions to recover the post-death health benefit premiums and unsuccessfully attempted to recover the post-death annuity payments. The Retirement Services' Fraud Referral branch referred the case to the OIG in December 2020, but we declined the referral on January 12, 2021, because of the expiring statute of limitations. Generally, a statute of limitations is a law that forbids prosecutors from bringing charges against someone with a crime that occurred more than 5 years ago.

Unreported Annuitant Death

- ❖ In April 2019, we received a referral alleging that a survivor annuitant's adult child embezzled a CSRS annuity after the survivor annuitant died in April 2000. Between May 2000 and October 2018, OPM paid \$105,761 in improper payments. The Treasury's reclamation process recovered \$19,401 through offsets, leaving a total loss to OPM of \$86,359. The results of our investigation were presented to the U.S. Attorney's Office. A one-count indictment was filed on January 4, 2021, in the U.S. District Court for the Eastern District of Virginia charged one person with theft of Government money. On February 4, 2021, that individual pled guilty. Further judicial action is expected in this case.
- ❖ In May 2019, our Investigative Support Operations group identified a death record indicating a retired annuitant died in September 2013. OPM was not notified of the death and continued to make annuity payments. However, as of May 2019, the decedent also continued to receive a survivor annuity. In total, the loss to OPM was \$237,389. Post-death FEHBP premiums of \$45,956 were recovered by OPM. We provided the death record to the Retirement Services program office and requested they take appropriate action and attempt to use reclamation methods to recover the improper payment. In

March 2020, Retirement Services referred the case back to us for further action. Through our investigative actions, we identified that the bank knew the annuitant was deceased but did not notify OPM. Therefore, according to Treasury policy, the bank is liable for the balance of the overpayment. On January 13, 2021, Treasury notified OPM that it had recovered the \$159,362 survivor annuity improper payments and the \$78,027 in retirement annuity improper payments, for a total of \$237,389 to be credited to OPM.

- ❖ In August 2018, we received a fraud referral from the Retirement Services program office regarding an annuitant who died in February 2008 but whose death was not reported to OPM. OPM had continued paying the annuity until May 2018, resulting in an overpayment of \$236,555. The child and the grandchild of the annuitant both admitted to using money from the annuitant’s account. In August 2019, prosecution of the case was declined for criminal prosecution in both the U.S. District and Superior courts in the District of Columbia because of the lower dollar amount of the loss and the potential to recoup the funds through legal action by OPM against the estate. In April 2020, we referred the case back to the Retirement Services program office and the OPM OCFO and closed our case pending financial recovery. OPM notified us that on February 25, 2021, a \$106,273 financial recovery from the deceased annuitant’s estate was received through the Superior Court in the District of Columbia.

Administrative and Reclamation Actions Referred to OPM’s Retirement Services Program Office

Date of Death	Date Annuity Stopped or Suspended	Total Improper Payment	Date the OPM OIG Referred Annuitant File to Retirement Services	OIG Action Taken/Disposition
January 2021	January 2021	\$0	March 29, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. On March 30, 2021, the Retirement Services program office dropped the case for death.
April 2018	April 2018	\$0	March 19, 2012	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. On March 22, 2021, the Retirement Services program office dropped the case for death.
October 2018	November 2018	\$6,809	March 29, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. On March 30, 2021, the Retirement Services program office dropped the case for death. The Retirement Services program office initiated reclamation actions to recover the post-death annuity payments.
June 2016	August 2016	\$5,466	March 18, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had

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				not been dropped for death. On March 19, 2021, the Retirement Services program office dropped the case for death. On March 22, 2021, the Retirement Services program office initiated reclamation actions to recover the post-death annuity payments.
May 2017	May 2017	\$0	March 18, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. On March 19, 2021, the Retirement Services program office dropped the case for death.
July 2016	August 2016	\$3,785	March 17, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. On March 18, 2021, the Retirement Services program office dropped the case for death, and on March 19, they initiated Treasury reclamation actions to recover the overpayment.
September 2018	September 2018	\$0	March 17, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. On March 18, 2021, the Retirement Services program office dropped the case for death.
April 2019	April 2019	\$0	March 17, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. On March 18, 2021, the Retirement Services program office dropped the case for death, which will allow the annuitant's beneficiaries to receive any due life insurance and accrued annuity payable to their beneficiaries.
January 2020	January 2020	\$0	March 16, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. On March 17, 2021, the Retirement Services program office dropped the case for death, which will allow the annuitant's beneficiaries to receive any due life insurance and accrued annuity payable to their beneficiaries.
February 2018	February 2018	\$0	March 15, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. On March 16, 2021, the Retirement Services program office dropped the case for death.

Date of Death	Date Annuity Stopped or Suspended	Total Improper Payment	Date the OPM Referred Annuitant File to Retirement Services	OIG Action Taken/Disposition
June 2016	July 2016	\$160	March 16, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. On March 16, 2021, the Retirement Services program office dropped the case for death. On March 18, 2021, the Retirement Services program office initiated Treasury reclamation actions to recover the post-death annuity payments.
May 2019	May 2019	\$0	March 12, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. On March 15, 2021, the Retirement Services program office dropped the case for death, which will allow the annuitant's beneficiaries to receive any due life insurance and accrued annuity payable to their beneficiaries.
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November 2017	November 2017	\$0	March 9, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. On March 10, 2021, the Retirement Services program office dropped the case for death, which will allow the annuitant's beneficiaries to receive any due life insurance and accrued annuity payable to their beneficiaries.
December 2018	December 2018	\$0	March 9, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. On March 10, 2021, the Retirement Services program office dropped the case for death, which will allow the annuitant's beneficiaries to receive any due life insurance and accrued annuity payable to their beneficiaries.
July 2016	July 2016	\$0	March 9, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. On March 10, 2021, the Retirement Services program office dropped the case for death, which will allow the annuitant's beneficiaries to receive any due life insurance and accrued annuity payable to their beneficiaries.
April 2020	April 2020	\$0	March 8, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer

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				received annuity payments from OPM, but had not been dropped for death. On March 20, 2021, the Retirement Services program office dropped the case for death, which will allow the annuitant's beneficiaries to receive any due life insurance and accrued annuity payable to their beneficiaries.
December 2018	December 2018	\$0	March 5, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. On March 8, 2021, the Retirement Services program office dropped the case for death.
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September 2018	September 2018	\$0	March 5, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. On March 8, 2021, the Retirement Services program office dropped the case for death.
March 2018	March 2018	\$0	February 18, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. On February 19, 2021, the Retirement Services program office dropped the case for death.
January 2017	January 2017	\$0	February 12, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. On February 25, 2021, the Retirement Services program office dropped the case for death.
January 2018	January 2018	\$0	February 12, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. On February 16, 2021, the Retirement Services program office dropped the case for death, which will allow the annuitant's beneficiaries to receive any due life insurance and accrued annuity payable to their beneficiaries.
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				2021, the Retirement Services program office dropped the case for death, which will allow the annuitant's beneficiaries to receive any due life insurance and accrued annuity payable to their beneficiaries.
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February 2018	February 2018	\$0	February 9, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. On February 24, 2021, the Retirement Services program office dropped the case for death, which will allow the annuitant's beneficiaries to receive any due life insurance and accrued annuity payable to their beneficiaries.
April 2017	April 2017	\$0	February 9, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. On February 9, 2021, the Retirement Services program office dropped the case for death.
June 2018	June 2018	\$0	February 8, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. On February 9, 2021, the Retirement Services program office dropped the case for death.
May 2020	May 2020	\$0	February 12, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. On February 23, 2021, the Retirement Services program office dropped the case for death.
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July 2018	July 2018	\$0	January 8, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. We notified the Retirement Services program of the death record, and on January 11, 2021, the case was dropped for death.
October 2018	October 2018	\$0	January 8, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. We notified the Retirement Services program of the death record, and on January 8, 2021, the case was dropped for death.
November 2017	November 2017	\$0	January 8, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. We notified the Retirement Services program of the death record, and on January 8, 2021, the case was dropped for death.
June 2018	June 2018	\$0	January 8, 2021	Our Investigative Support Operations located a death record for an annuitant who no longer received annuity payments from OPM, but had not been dropped for death. We notified the Retirement Services program of the death record, and on January 8, 2021, the case was dropped for death, which will allow the annuitant's beneficiaries to receive any due life insurance and accrued annuity payable to their beneficiaries.
March 2016	March 2016	\$1,165	March 4, 2021	Our Investigative Support Operations group located a death record showing that an annuitant had died in March 2016. The Retirement Services program office had stopped annuity payments, but it had not dropped the case for death. The overpayment totaled \$1,165. On March 4, 2021, we provided the death record to the Retirement Services program office. The case was dropped for death and Treasury reclamation actions were initiated on March 9, 2021.
January 2019	July 2019	\$22,933	March 29, 2021	Our Investigative Support Operations group located a death record for a deceased annuitant

Date of Death	Date Annuity Stopped or Suspended	Total Improper Payment	Date the OPM OIG Referred Annuitant File to Retirement Services	OIG Action Taken/Disposition
				who died in January 2019. The Retirement Services program office had stopped annuity payments, but it had not dropped the case for death. On March 29, 2021, we provided the death record to the Retirement Services program office for action. The case as dropped for death and on March 31, 2021, the Retirement Services program office attempted to recover the post-death improper payments.

National Security Investigations

As a former OPM bureau, the National Background Investigations Bureau (NBIB) conducted background investigations of Federal job applicants, employees, members of the armed services, and contractor personnel for suitability and security purposes. Allowing the employment of or granting security clearances to potentially unsuitable persons through fraudulent, falsified, incomplete, or incorrect background investigations creates vulnerabilities within the Federal workforce detrimental to Government operations. Though the Government’s background investigative function is no longer an OPM-administered program as of October 1, 2019, we continue to provide external oversight of legacy background investigations begun before October 1, 2019. Most commonly, allegations involve falsified Reports of Investigation (ROIs) by background investigators.

During this quarterly period, we closed all but three of our remaining cases involving fraud, waste, abuse, or mismanagement at NBIB while it operated as an organization within OPM. These cases are now under the sole jurisdiction of Department of Defense (DoD). In total, we closed 11 cases, primarily involving the falsification of ROIs. We kept open three cases sufficiently far along in the investigative and judicial process. While the full loss amount to OPM was undetermined in the vast majority of cases (10 out of 11 cases, or approximately 91 percent), we identified that OPM’s loss was at least \$117,668.

Date Received	Subject	Loss to OPM	Disposition
January 2019	Contract background investigator	Undetermined	Closed by OPM OIG, now under sole DoD jurisdiction
April 2019	Contract background investigator	Undetermined	Closed by OPM OIG, now under sole DoD jurisdiction
June 2019	Contract background investigator	Undetermined	Closed by OPM OIG, now under sole DoD jurisdiction
January 2019	Contract background investigator	Undetermined	Closed by OPM OIG, now under sole DoD jurisdiction
December 2019	Contract background investigator	\$117,668	Closed by OPM OIG, now under sole DoD jurisdiction

January 2020	Contract background investigator	Undetermined	Closed by OPM OIG, now under sole DoD jurisdiction
January 2020	Contract background investigator	Undetermined	Closed by OPM OIG, now under sole DoD jurisdiction
January 2020	Contract background investigator	Undetermined	Closed by OPM OIG, now under sole DoD jurisdiction
April 2020	National Science Foundation employee	Undetermined	Closed by OPM OIG, now under sole DoD jurisdiction
March 2019	Contract background investigator	Undetermined	Closed by OPM OIG, now under sole DoD jurisdiction
February 2019	Contract background investigator	Undetermined	Closed by OPM OIG, now under sole DoD jurisdiction

Falsified Reports of Investigation

- ❖ In October 2017, we received a referral from NBIB’s Integrity Assurance office regarding a contract background investigator who allegedly falsified ROIs. The loss to OPM was \$105,186. On March 9, 2021, the contract background investigator was charged by criminal information in the U.S. District Court for the District of Columbia. On March 16, 2021, they pled guilty to one count of making a false statement. We anticipate further judicial action in this case related to sentencing.
- ❖ We received a referral from NBIB’s Integrity Assurance office alleging that a former contract background investigator falsified casework related to investigations used to determine the suitability of persons for positions involving access to classified information, impacting national security, or receiving or retaining security clearances. In total, the falsifications had cost OPM \$254,555 in labor and travel costs. We previously reported that the contract background investigator pled guilty to making a false statement. On February 9, 2021, the former contract background investigator was sentenced by the U.S. District Court for the District of Columbia to 3 years of probation and 3 months of home detention. Additionally, the court ordered the former contract background investigator to pay restitution of \$254,555, a fine of \$7,500, and a special assessment fee of \$100.

Integrity Investigations

In addition to conducting criminal and civil investigations, our office also conducts administrative investigations into fraud, waste, abuse, and mismanagement at OPM. We investigate cases involving OPM employees and contractors, including those referred through the OIG Hotline. Integrity investigations may involve whistleblowers and/or retaliation, and are an important part of the OIG’s mission of providing independent oversight and reducing program vulnerabilities.

We do not report any integrity-related investigations during this quarter.

Glossary

Improper Payments are disbursements that should not have been made or were made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. The reduction of improper payments is a President's Management Agenda goal across all Executive Branch agencies. In fiscal year 2018, OPM reported Retirement Programs and the FEHBP combined to make more than \$355.5 million in improper payments.

Healthcare and Insurance Programs

Carrier Letters are guidance that the OPM Healthcare & Insurance program office provides to health insurance carriers to specify how contracts with the FEHBP and other OPM-administered insurance programs are administered. Carrier letters are intended to be complied with in the same manner as carrier contracts, as they often serve as supplemental information to explain policy complexities.

Carriers are private insurance companies that contract with the FEHBP to provide health insurance benefits to Federal employees and retirees and their dependents. These insurance plans include HMO and fee-for-service health plans.

Compounded Medications are medications (often liquids or creams) made to fit the individual needs of a patient. The U.S. Food and Drug Administration (FDA) does not approve compounded drugs. A variety of health care fraud schemes involve compounded drugs: unscrupulous providers prescribing compounded medications without medical relationships with patients; prescribing medically unnecessary, ineffective, or exorbitantly priced compounded drugs; and prescribing compounded drugs in exchange for inducements or illegal compensation.

The False Claims Act allows for the Federal prosecution of any person who knowingly submits false claims to the Government, including making a false record or statement to cause a false claim to be paid, or acting improperly to avoid paying the Government. It includes civil penalties for each false claim. Additionally, the False Claims Act allows for *qui tam* lawsuits, wherein a member of the public files as a relator to sue on behalf of the Government. The relator may be compensated a percentage of the amount the Government recovers through the lawsuit.

Ineligible Dependents are persons who receive benefits from a Federal employee's benefits plan (most often from the FEHBP) but are not eligible to receive these benefits under statutory or regulatory guidelines. Former spouses, friends, self-sufficient children aged older than 26, and extended family (such as grandchildren) are common ineligible dependents. Any payment to an ineligible dependent is an improper payment.

Medically Unnecessary Services are items and services that are unreasonable or unnecessary for the diagnosis or treatment of an illness or injury. Medically unnecessary

services are often provided in exchange for inducements or as part of health care fraud schemes.

Pass-Through Billing Schemes involve unscrupulous providers paying a laboratory to perform tests but filing claims with an insurance company or Government program as if the provider or a related entity conducted the test. Pass-through billing schemes generate improper payments through inflated reimbursement or as part of an arrangement involving illegal inducements.

Services Not Rendered are procedures, tests, or appointments not performed by a provider but still billed as such, or billed inaccurately to misrepresent services as something eligible for a higher reimbursement than the services actually performed.

Telemedicine provides health care services to a patient by telecommunication, such as via webcam. While the practice increases convenience and care access, it is also vulnerable to a variety of fraud schemes, including those involving opioids and compounded medications.

The Travel Act provides for Federal-level criminalization of business activities that are illegal under certain State laws (e.g., bribery) if interstate commerce, travel, or mail was part of the illegal business activities. Recent use of the Travel Act is a pioneering enforcement strategy that allows us to pursue fraud schemes when relevant State laws have been broken.

Unbundling is a health care fraud scheme where a procedure or office visit is separated into multiple billing codes when the procedure or visit should be billed under a single “panel” or inclusive code. Unbundling creates improper payments through inflated reimbursement.

Special Topic: The Opioid Epidemic

Diversion is the practice of transferring legally prescribed medications from the individual for whom it was prescribed to another person for illicit use.

Opioids are a class of pain medication labeled as **Schedule II drugs**, i.e., “drugs with a high potential for abuse, with use potentially leading to severe psychological or physical dependence.” While largely safe when taken as prescribed by a doctor and according to medical best practices, opioids are often abused and can cause addiction, overdose, and death. Opioid drugs include **oxycodone**, one of the most common and most abused prescription drugs, and **fentanyl**, which has emerged as a dangerous additive to drugs such as heroin and can lead to overdoses in even small amounts.

Pill Mills are health care providers, facilities, or pharmacies that prescribe and/or dispense drugs without legitimate medical purpose.

Sober Homes aim to provide safe and drug-free residences for individuals suffering from addiction, but unscrupulous sober homes may submit patients to unnecessary, expensive, and excessive testing as part of a health care fraud scheme.

Retirement Annuity Programs

Address Verification Letters (AVLs) are sent to Federal retirees and survivor annuitants receiving CSRS/FERS benefits from OPM to verify whether annuitants are living and are living at the address currently on file with Retirement Services. It is one of the surveys that Retirement Services uses to confirm and census its annuitant population.

A Federal Annuitant is a retiree or spouse of a retiree who receives an annuity from OPM.

A Survivor Annuitant is a surviving spouse or child entitled to receive OPM-administered benefits after the death of a Government employee receiving an annuity.

Reclamation is the process by which the Retirement Services program office attempts to recover funds through the Department of the Treasury for money paid as an annuity to deceased Federal annuitants through a financial institution, such as a bank.

National Security

The National Background Investigations Bureau (NBIB) was previously a part of OPM that conducted background investigations of Federal job applicants, employees, members of the armed services, and contractor personnel for suitability and security purposes. Background investigators submit their findings from interviews and other work in **Reports of Investigation (ROIs)**.

Integrity

The U.S. Office of Special Counsel (OSC) investigates and prosecutes prohibited personnel practices, whistleblower retaliation, and other violations that harm the civil service. As an outcome of our integrity investigations involving OPM employees, we may refer cases to the OSC for further action.