



# Pharmacy Diversion Awareness Conference

## **Pharmaceutical Diversion in Medicare**

Jason T. Bell  
Special Agent  
Operations Officer  
Office of Inspector General/ Office of Investigations  
U.S. Department of Health and Human Services  
Washington, DC 20201





# Disclaimer

I have no financial relationships to disclose.





# Learning Objectives

- Understand the mission of HHS/OIG
- Recognize that drug diversion and health care fraud includes both controlled and non-controlled medications
- Learn the common healthcare fraud/ drug diversion schemes and common methods how this is accomplished
- Describe the various drugs frequently found in drug diversion/healthcare fraud schemes





# Pre-Test Questions to Consider

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





# HHS Office of Inspector General: Background

- **Mission:** Protect the integrity HHS programs as well as the health and welfare of program beneficiaries
- Fight fraud, waste, abuse in over 100 HHS programs
- Largest Inspector General's office in Federal Government
- Office of Investigations performs criminal, civil and administrative enforcement





# Example HHS Programs

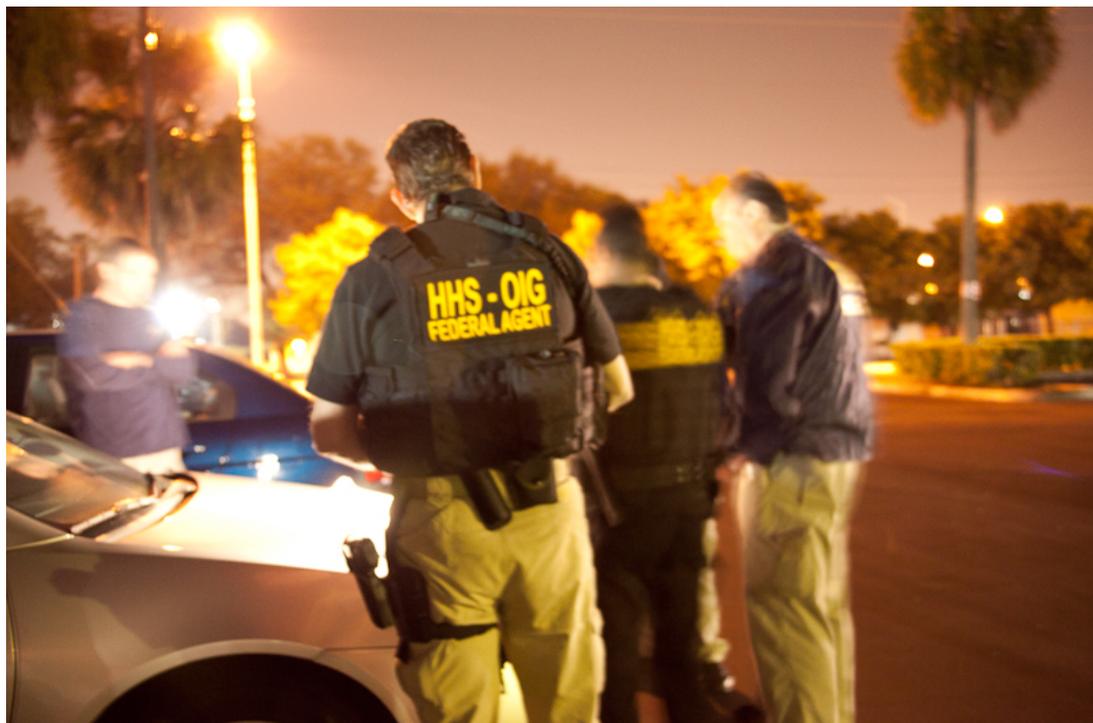
- Medicare (CMS)
- Medicaid (CMS)
- Center for Disease Control (CDC)
- Indian Health Services (IHS)
- National Institutes of Health (NIH)
- Substance Abuse & Mental Health Services Admin (SAMHSA)
- Agency for Healthcare Research and Quality (AHRQ)
- Food and Drug Administration (FDA)





# OIG Collaborative Effort

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





# HHS/OIG: Components

- **Office of Evaluations & Inspections:**
  - Conducts and publishes studies on various vulnerabilities in Medicare/Medicaid. Reports on OIG website with recommendations. Several drug related reports.
- **Office of Audit:**
  - Conducts independent audits of HHS programs/grantees. Also create reports and make recommendations.
- **Office of Council to IG:**
  - Provides legal counsel to IG and other components. Performs civil monetary penalties, provider self disclosures, collaborates with DOJ on national cases, provide advisory opinions to industry.
- **Office of Management and Policy:**
  - Provides mission and administrative support to the OIG. Data analytic unit.
- **Office of Investigations:**
  - Law enforcement arm of OIG. Traditional law enforcement techniques with contemporary data analytic tools to identify trends and targets for investigations and prosecution





# Recent OIG Drug Reports

- **Inappropriate Medicare Part D Payments for Schedule II Drugs Billed as Refills**
  - \$25M
- **Prescribers with Questionable Patterns in Medicare Part D**
  - 736 general care physicians
- **Retail Pharmacies with Questionable Part D Billing**
  - Over 2600 pharmacies identified
- **Medicare Inappropriately Paid for Drugs Ordered by Individuals Without Prescribing Authority**
  - Massage Therapists, Athletic Trainers, Home Repair Contractors, etc.



# 2015 OEI Report



U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES  
**OFFICE OF INSPECTOR GENERAL**

HHS OIG Data Brief • June 2015 • OEI-02-15-00190

## Questionable Billing and Geographic Hotspots Point to Potential Fraud and Abuse in Medicare Part D

### **Key Takeaways:**

- ✓ *Since 2006, Medicare spending for commonly abused opioids*

Prescription drug abuse is a growing problem in this country. In 2011, the Centers for Disease Control and Prevention (CDC) declared prescription drug abuse an epidemic.<sup>1</sup> That year alone, over 1.4 million emergency department visits were caused



# 2016 OEI Report



U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES  
**OFFICE OF INSPECTOR GENERAL**

HHS OIG Data Brief • June 2016 • OEI-02-16-00290

## High Part D Spending on Opioids and Substantial Growth in Compounded Drugs Raise Concerns

The Office of Inspector General (OIG) has uncovered striking trends in Part D spending for opioids and compounded drugs that warrant further scrutiny. This data brief describes these trends. It also provides information that can assist efforts to ensure the appropriate use of these drugs, protect the integrity of the Part D program, and promote the safety of beneficiaries and others.

### ***Key Takeaways:***

Prescription drug abuse, especially opioid abuse, remains a problem in this country. More people in



# New OIG Report: Specialty Drugs

## Report in Brief

January 2017  
OEI-02-16-00270

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES  
**OFFICE OF INSPECTOR GENERAL**



### Why OIG Did This Review

Members of Congress and others have raised concerns about the high prices of certain drugs and the impact these high prices have on Medicare beneficiaries and the health care system.

An important part of the Medicare Part D benefit is catastrophic coverage, which beneficiaries enter when their out-of-pocket costs exceed a certain threshold. In catastrophic coverage, most beneficiaries pay a 5-percent coinsurance for drugs, while the Federal Government pays the vast majority of the remaining costs.

Understanding the effect that high drug prices have on spending in catastrophic coverage is crucial. In catastrophic coverage, beneficiaries' out-of-pocket costs are not capped, and the Federal Government's share of drug spending is the highest.

### How OIG Did This Review

We analyzed data from the Centers for Medicare & Medicaid Services to determine the amount that the Federal Government spent for catastrophic coverage through the reinsurance subsidy. We also analyzed the Part D Prescription Drug Event records to identify specific drugs dispensed in catastrophic coverage.

## High-Price Drugs Are Increasing Federal Payments for Medicare Part D Catastrophic Coverage

### What OIG Found

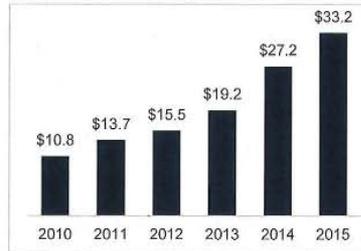
Federal payments for catastrophic coverage exceeded \$33 billion in 2015, which is more than triple the amount paid in 2010. Spending for high-price drugs contributed significantly to this growth. By 2015, high-price drugs were responsible for almost two-thirds of the total drug spending in catastrophic coverage. This is a significant increase from 2010, when high-price drugs were responsible for one-third of the spending.

Moreover, 10 high-price drugs accounted for nearly one-third of all drug spending for catastrophic coverage in 2015. Most of these drugs cost thousands of dollars per month. They treat conditions such as hepatitis C, cancer, and multiple sclerosis. The average prices for each of these drugs ranged from \$1,200 to almost \$34,000 per month, leading to high out-of-pocket costs for some beneficiaries in catastrophic coverage.

### What OIG Concludes

Securing the future of the Part D program while ensuring beneficiaries have access to needed drugs is a complex issue that calls for a multifaceted approach. OIG remains committed to examining these issues. Recently, CMS has taken steps in response to rising drug prices. It published information about certain drugs with substantial increases

Federal Payments for Catastrophic Coverage (in Billions)

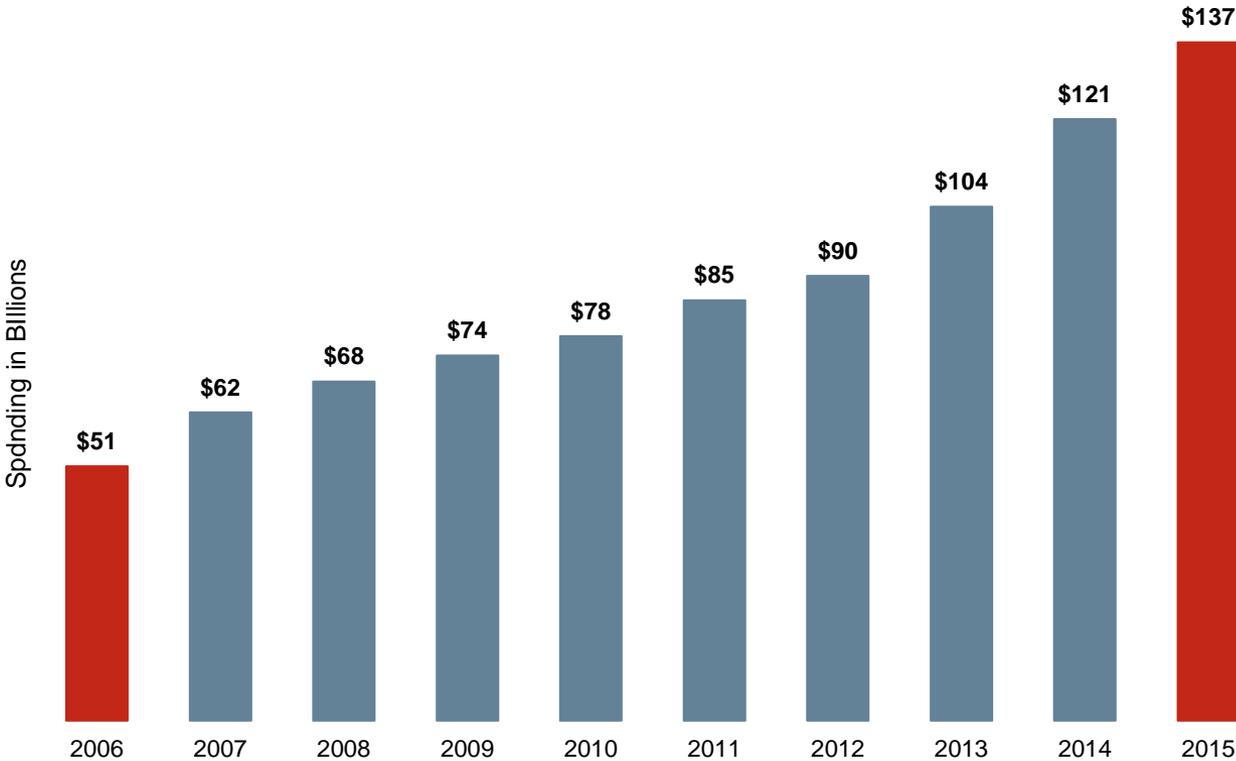


Source: OIG analysis of CMS Payment Reconciliation System data, 2016.

The dramatic growth in Federal payments for catastrophic coverage and the underlying issue of high drug prices must be analyzed and addressed to secure the future of the Part D program. The issue of high-price drugs is not exclusive to catastrophic coverage; it affects the entire Part D benefit and can lead to higher costs for all beneficiaries.

in price. CMS also stated that action is necessary to address rising drug costs and asked the industry to partner with the agency to find solutions that allow for both innovation and affordability. Moving forward, CMS will likely need

# Spending for Part D Drugs 2006-2015



Source: OIG analysis of Medicare Part D data, 2016.





# Part D Breakdown

- \$8.4 B spent on controlled drugs (6%)
- \$129 B spent on non-controlled drugs
- Predicted to double by 2023





# Basis for Many Pharmaceutical Frauds Involve **KICKBACKS**

**Antikickback Statute - 42 U.S.C. Section 1320a-7b(b) provides:**

- (1) Whoever knowingly and willfully solicits or receives any remuneration (including any kickback, bribe or rebate) directly or indirectly, overtly or covertly, in cash or in kind –
  - (A) in return for referring an individual to a person for the furnishing or arranging for the furnishing of any item or service for which payment may be made in whole or in part under a Federal health care program, or
  - (B) in return for purchasing, leasing, ordering, or arranging for or recommending purchasing, leasing, or ordering any good, facility, service, or item for which payment may be made in whole or in part under a Federal health care program,shall be guilty of a felony and upon conviction thereof, shall be fined not more than \$25,000 or imprisoned for not more than five years, or both.





# Interpretation

Statute is violated if person:

1. Knows the law prohibits offering or paying remuneration to generate business
2. Engages in prohibited conduct with specific intent to disobey the law





# Examples

- Pharmacy paid money to physician to write for expensive brand medications without regard for medical necessity
- Pharmacy receiving dinners, cash, rebates and discounts from drug companies
- Pharmacy hired “marketing firm” to hire recruiters to find patients and physicians to write for expensive compounding cream
- Offer physician a percent of insurance reimbursement to write scripts and send them to your pharmacy





# Exclusion Authorities

- **Social Security Act (Sections 1128 and 1156)**
- **Approximately 3000 actions per year**
- **Duration from 3 years to Permanent**
- **47% Based on License Revocation/Suspension/Surrender**
- **48% Based on Convictions**
  - **Health Care Fraud or other Program Related Offense,**
  - **Patient Abuse/Neglect,**
  - **Controlled Substance**
- **Covers Medicare, Medicaid, Tricare, federal w/c, SCHIP, VA, and IHS (home mortgages, student loans)**



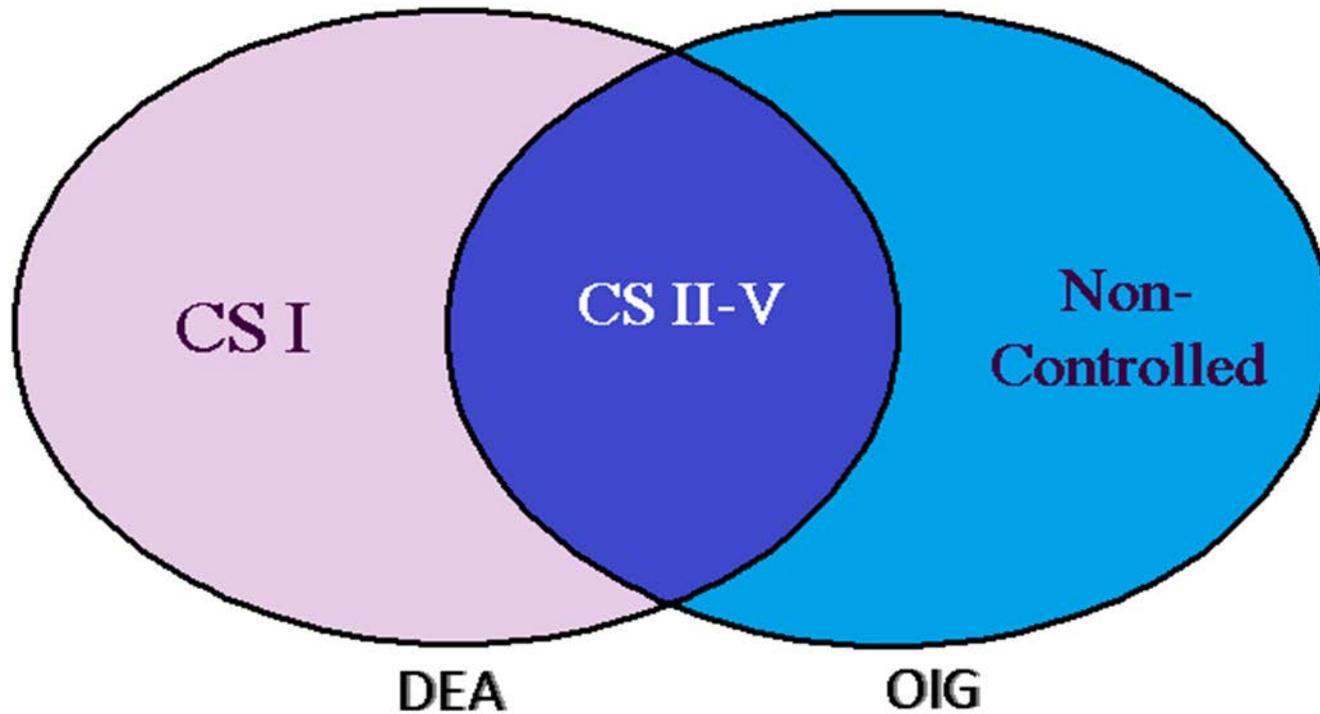


# Different Drug Jurisdictions

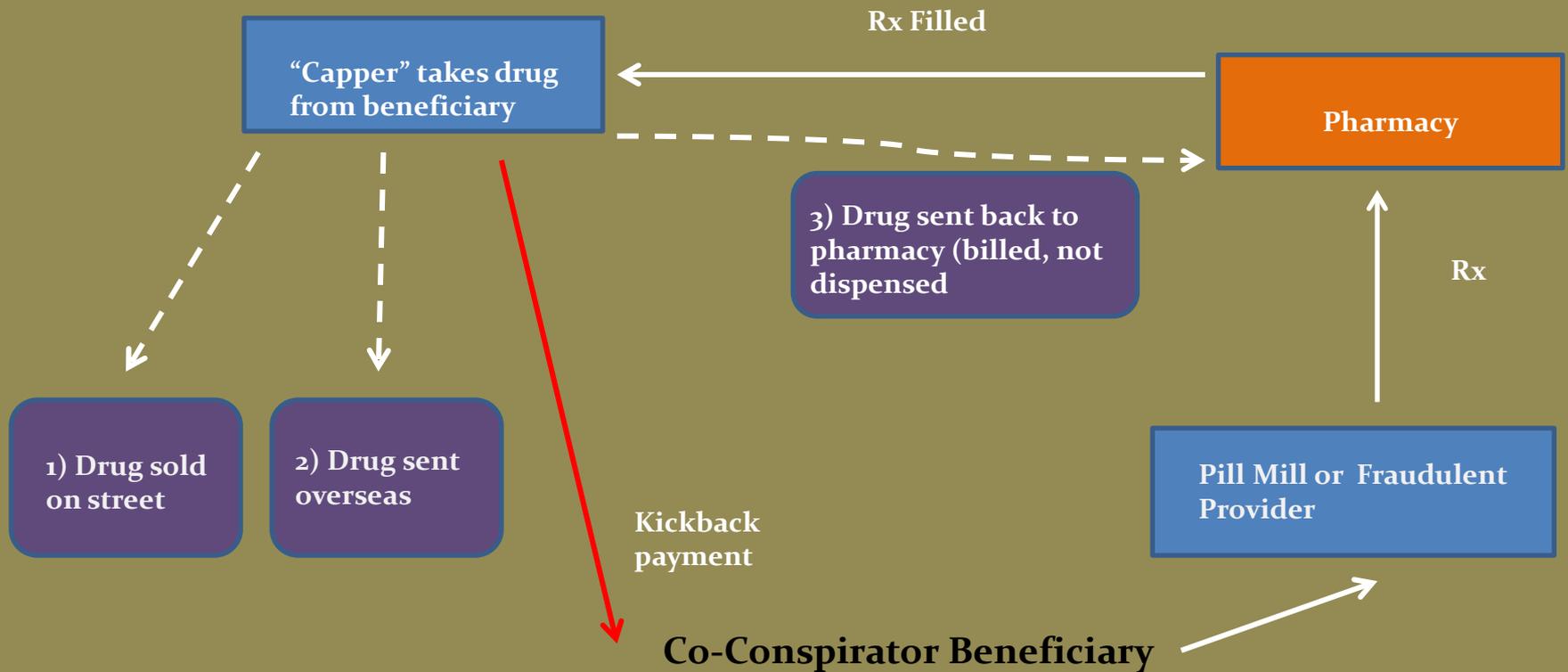
- **DEA:** Controlled substance laws and regulations of the United States
- **HHS/OIG:** Pharmaceuticals billed to federal healthcare programs
  - Those paid by Medicare, Medicaid
  - Includes Controlled Substances paid by federal programs
  - But also includes Non-Controlled Substances



# DEA & HHS/OIG Authority



# Drug Recycling Scheme





# Re-shelving of “dispensed” Drug

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





# Common Pharmacy Schemes

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

## Other Issues:

- Medical Identity Theft
- Prescription shorting
- Narcotics without prescriptions (backdoor sales)





# Why Divert Non-Controlled?

- **Controlled Drugs:**
  - Diverted for recreational use
  - \$100+B in societal costs
- **Non-Controlled:**
  1. High reimbursement—financial crime. Not dispensed, just billed. Not “government” money
  2. Some diverted to other countries
  3. Others mixed into street cocktails with controlled substances; are “POTENTIATORS”





# Potentiators

- Drug recipes that aggregate drugs that in combination enhance the euphoria
- May be another controlled drug but often are non-controlled drugs (OIG purview)
- Pushes patients over edge to respiratory arrest/death
- Hundreds of potentiators in thousands of combinations
- Large financial exposure to Medicare program





# New Paradigms for Death

- Extraction methods for pure product
- Heavy use with potentiators (Mixed Drug Ingestions)
- New portals of entry (anywhere there is a good vascular bed) to avoid first-pass effect





# Trends in Abuse Methodologies

- Finding vascular beds to absorb drugs and avoid liver “first pass” effect
- Cold Water Extraction techniques
- Parachuting
- Plugging
- Insufflation (snorting)
- Vaporization/inhalation
- Alkalinization (Adderall)
- Transvaginal absorption (e.g. prometh/codeine)





# Drug Blogs

- [Erowid.org](http://Erowid.org)
- [Bluelight.org](http://Bluelight.org)
- [Drugs-Forum.com](http://Drugs-Forum.com)
- [Opiophile.org](http://Opiophile.org)



# Erowid Recipe Blog



## Erowid Experience Vaults

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

### Help Erowid win a 2013 Health Award!

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

#### Knocked Out!!!

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

Citation: webguy16. "Knocked Out!!!: experience with Percocet, Fioricet, Elavil & Lyrica (ID 77361)". [Erowid.org](#). Mar 21, 2010. [erowid.org/exp/77361](#)

DOSE:	300 mg	oral	<a href="#">Pharms - Pregabalin</a>	(pill / tablet)
-------	--------	------	-------------------------------------	-----------------

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

2033-- focus on it at all, its now 2018 and i am still typing...

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

Well, after that last entry i just kind of passed out, i remember seeing something out of the corner of my eyes and trying to grab for it but never actually catching it. Once i passed out i was



# How to Prepare IV Opana

ads/622554-Preparing-new-new-Opana-ER-for-snorting-injecting-retal

Extra Supplies for Injection (IV/IM) or Rectal (IR):

- 1) Spoon
- 2) Lighter (preferably butane torch)
- 3) Water
- 4) Syringe (1cc or 3cc with 29 gauge needle if injecting)
- 5) Mooch (Q-Tip, Cotton Ball, Cigarette Filter, Gauze)

Optional Supplies for Injection (IV/IM) or Rectal (IR):

- 1) Second Spoon
- 2) Micron Filter
- 3) Citric Acid/Vinegar/Lemon Juice/Vitamin C

Process:

(Optional)- Crush Opana ER in table clamp.

Step One- Using PedEgg and it's designed 'skin catcher,' grate the Opana ER TRF into small chunks. Tweezers will allow you to handle the pill once most of it has been grated. Grate the pill over a piece of aluminum foil (folded in half to create a single piece two layers thick) to catch any chunks the PedEgg's 'skin catcher' misses.

Step Two- Preheat oven to 400 degrees Fahrenheit while grating the Opana ER with the PedEgg.

Step Three- Once the entire Opana ER has been grated as small as possible, dump the PedEgg's 'skin catcher' onto the layered aluminum foil. Use your credit card/driver's license/plastic card to scrape pill chunks into a quarter/fifty-cent piece sized pile. The pile should not have much height to it, but there should be as few spots of aluminum foil visible through it as possible.

Step Four- Place the aluminum foil with the grated Opana ER on it into the preheated oven.

Step Five- Watch the pile of Opana ER as it heats in the oven. The pill chunks should turn brown in color and appear to melt/become 'gooey.' Do not let any of the pill turn black, but as soon as it all has turned some shade of brown, remove the aluminum foil from the oven and place it directly in the freezer. Due to variations in oven heating patterns, altitude, etc. the amount of time the pill will take to cook varies. DO NOT LET IT TURN BLACK. Better to remove the pill with one or two white spots than burn it. Make sure to place the aluminum foil and cooked pill directly into the freezer.

Step Six- Let the pill sit in the freezer for 5-7 minutes. Any 'gooey' spots should be hardened when the pill is removed from the freezer.

Step Seven- Remove aluminum foil and now 'frozen' pill from freezer. Using credit card/driver's license/plastic card, scrape pill off of aluminum foil. Be careful not to tear aluminum foil while scraping pill off of it. The pill should come off the aluminum foil easily, but if it is 'gooey,' then it needs more time in the freezer.

Based on the planned ROA, proceed to the specific instructions...

Insufflation (IN) Specific Process:



# Zohydro Abuse

**dirzted** ◊  
Blueighter  
  
Join Date: Mar 2013  
Location: California  
Posts: 526

24-01-2015 07:16

First, get on your knees and thank whichever god you happen to believe in.

Second, you may want to crush up the beads inside the capsule in order to get a better initiation of effects (i.e. rush). Jesus, you might even be able to snort them! Gahhhh you are so [REDACTED] lucky.

Jk, don't snort them, but it all depends on your tolerance, are you fairly experienced with opiates? If you are opiate naive i would recommend taking the beads out of one capsule and crushing about half of them, and taking that to start with. Should yield around ~15mg of hydrocodone, which is a perfect starting dose.

QUOTE

**HughesJu777** ◊  
Greenlighter  
Join Date: Nov 2014  
Posts: 10

31-01-2015 07:17

Originally Posted by **Treefa**

*You don't want to snort hydrocodone, IME, I once did a CWE on 10 lortabs and evaporated the water to be left with a white-greyish powder, not very much at all, and it was quite bitter etc etc...*

*Anyways I wanted to snort the crap, was the whole point of the thing, so I snorted half (appx. 50mg PURE hydro in one line) and I didn't get much...maybe something, hard to say. But when I ate the other half the effects were much more noticeable...*

I HAVE BEEN WONDERING ABOUT THIS!!! I have done a little research on this and found the same answers. However bub, I came across a pretty cool method I had never heard before.

1. You mix up some sweet kool-aid (red or purple drank)
2. Then take said CWE powder and dose accordingly into each individual cube slot
3. Plop into some carbonated fruit water... [REDACTED] blast off.

It kind of intrigued me because if you're doing so discreetly in places where discretion is preferred, I think it'd be pretty cool to get sledge hammered while not expecting it due to the masking of the Kool-aid and carbonated fruit water. I think I'm going to do this next time I get some "Zo's".

Im sure this is probably no new idea but has anyone ever tried this?





# Exploiting Human Chemistry

- Alkalinize stomach with tums
- Heat fentanyl patch in microwave
- Rub fentanyl on wrists or put heat pad on arm
- Rub isopropyl alcohol on buccal area





# Polypharmacy Cocktails Potentiators

- Abilify + Seroquel Snort (“jailhouse heroin”)
- Soma + Codeine (“Soma Coma”)
- Seroquel + Zyprexa + Ativan + ETOH + Cocaine
- HIV Protease Inhibitors + Percocet
- Caffeine + ETOH + Eyeball



# Video







# Polypharmacy Cocktails Potentiators

- Promethazine/Codeine + Tampon
- ETOH + Albuterol Inhaler
- Adderall + Albuterol + Sleep deprivation
- Adderall + Lexapro + Cannabis





# Finally....

- Meth/Ecstasy/Viagra (Rectally)=“Royal Flush”



# Inside Pharmacy



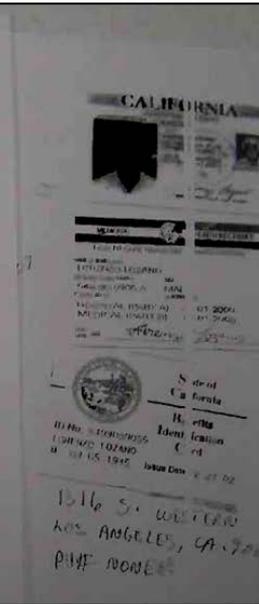


# Case Example

- KY narcotics officers executed traffic stop. Armenians Suren Sargsyan & Smbat Muradyan
- Inside car was forged and blank Rx for 3 CA MD's
- Also copies of IDs of multiple CA residents
- A gun
- Multiple non-controlled prescription drugs
- Scheme to get Rx filled; ship drugs back to CA
- Employ Ernest Bowman to get Rx filled at pharmacy



# Medical Identity Theft



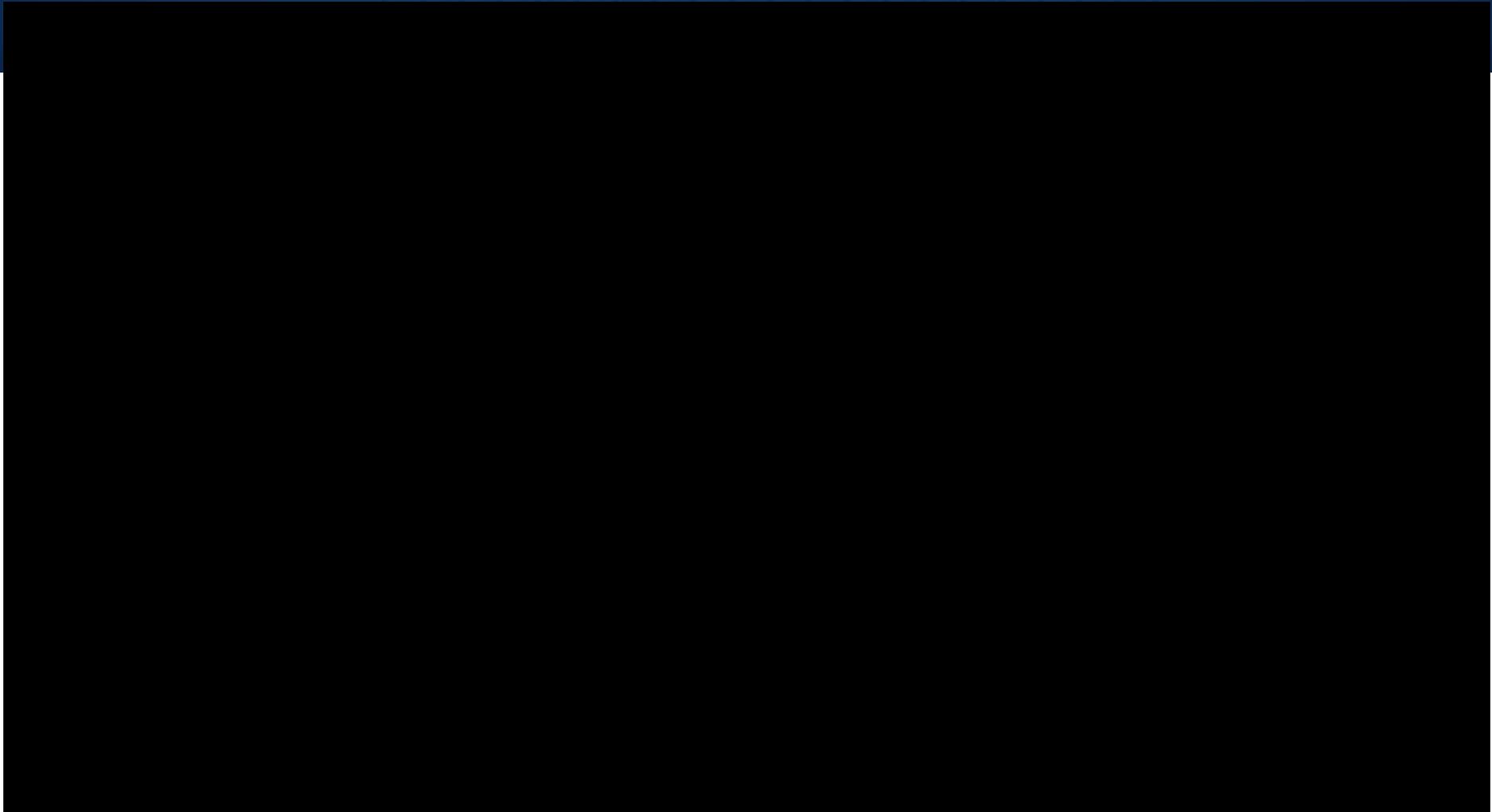


# Case Example

- Indictment for healthcare fraud & aggravated ID theft
- Sargsyan & Muradyan arrested getting off KY flight
- Bowman arrested during routine traffic stop
- Sargsyan deported to Armenia by ICE and suddenly died
- Bowman cooperated; 2 years probation
- Muradyan plead guilty; 27 months



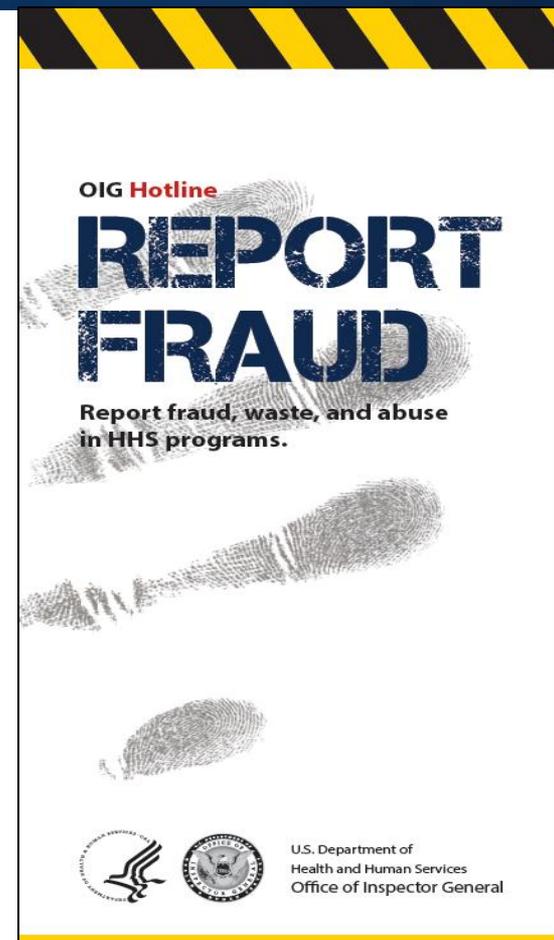
# Video





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

- Use available databases to scrutinize scripts; including your state PDMP database
- If receive a clearly fraudulent script, forged script, ID theft; engage law enforcement immediately
- If you suspect a Medicare provider or beneficiary is diverting, contact
  - 800-HHS-TIPS or at
  - [oig.hhs.gov/report-fraud](http://oig.hhs.gov/report-fraud)





# Post-Test Discussion

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





Thank You

