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OIG Reports More Than $3 Billion in Expected Recoveries from Fighting Fraud, Waste, and Abuse for the First Half of FY 2010

In its "Semiannual Report to Congress," the Office of Inspector General (OIG), Department of Health & Human Services (HHS), announced expected recoveries of more than $3 billion for the first half of fiscal year (FY) 2010.

Specifically, OIG's expected recoveries for October 2009 through March 2010 include about $667 million in audit receivables and $2.5 billion in investigative receivables. Also in the first half of FY 2010, OIG reported exclusions of 1,935 individuals and entities from participating in Federal health care programs, 293 criminal actions, and 164 civil actions.

"As the Department's health and human service programs expand, so does OIG's mission to protect these vital programs from fraud, waste, and abuse," said Inspector General Daniel R. Levinson. "We have aggressively pursued new avenues of enforcement and are actively developing our operational strategy to successfully meet our growing oversight responsibilities."

The following are highlights of OIG's actions and results during this reporting period.

Medicare Fraud Strike Force Activities Resulted in Convictions and Expected Recoveries

Efforts by Medicare Fraud Strike Forces, a key component of the interagency Health Care Fraud Prevention & Enforcement Action Team (HEAT), resulted in charges against 119 individuals or entities, 42 convictions, and $16 million in investigative receivables during this semiannual reporting period. HEAT is composed of top-level law enforcement and professional staff from HHS, including OIG, and from the Department of Justice (DOJ) and its operating divisions. The team builds on existing partnerships, including those with State and local law enforcement, to prevent fraud and enforce anti-fraud laws around the country. Strike Forces began in March 2007 and now operate in seven major cities—Miami, FL; Los Angeles, CA; Detroit, MI; Houston, TX; Brooklyn, NY; Baton Rouge, LA; and Tampa, FL.

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Strike Force results included, for example, prison sentences and restitution for infusion therapy clinic managers at Xpress Center Inc. (XPC) and AR Group Services. One of the individuals, a manager and part owner of XPC, allegedly recruited and paid patients $50 per visit to claim they received legitimate services at XPC. The clinic then billed Medicare for beneficiary medications and services that were medically unnecessary or were not provided. The court sentenced him to 5 years in prison and ordered him to pay $1.8 million in restitution.

Small Smiles (FORBA) Agreed to $24 Million Settlement and Corporate Integrity Agreement

FORBA Holdings, LLC, which manages a nationwide chain of pediatric dental clinics commonly known as Small Smiles Centers that provide services to Medicaid, agreed to pay $24 million plus interest and enter into a 5-year quality-of-care corporate integrity agreement to settle allegations that it performed unnecessary and often painful services on children to maximize Medicaid reimbursement.

The settlement resolves allegations that FORBA caused false claims to be submitted to Medicaid programs for dental services performed on low-income children insured by Medicaid and for reimbursement for services that were not medically necessary or did not meet professionally recognized standards of care. Services billed to the Medicaid programs included performing pulpotomies (baby root canals), placing crowns, administering anesthesia, performing extractions, and providing fillings.

FORBA manages a chain of 68 pediatric dental clinics in 22 States and the District of Columbia.

OIG Found Vulnerabilities in Financial Conflict-of-Interest Reporting by Grantee Institutions to the National Institutes of Health

In this review of National Institutes of Health (NIH) grantee institutions, OIG found a number of vulnerabilities in the institutions' identification, management, and oversight of financial conflicts of interest. For example, 90 percent of the institutions relied solely on researchers' discretion to determine which conflicts were related to their research and therefore required reporting.

OIG's study also found that the most common type of financial conflict of interest among researchers is equity ownership (including stock and stock options) in companies in which the researchers' financial interests could significantly affect the grant research. Other financial conflicts of interest among researchers involved inventing technology, consulting, or holding positions with outside companies.

In its response, NIH highlighted a number of initiatives designed to improve NIH oversight of and promote grantee compliance with Federal regulations.

To read the full Semiannual Report:

http://oig.hhs.gov/publications/docs/semiannual/2010/semiannual_spring2010.pdf