

Healthcare fraud news briefing

July 2010

01. **Crooks defraud Healthcare System with fake insurance plans and phony Medicare**

08.07.2010

Idaho's attorney general has recovered \$106,648.90 in a legal settlement with a drug manufacturer, Alpharma Incorporated. A suit against Alpharma alleged that they were responsible for making false or fraudulent claims for the prescription drug Kadian. The claims for the drug, which is a sustained release morphine sulphate for pain management, were submitted to the Medicaid program between January 1, 2000 and December 29, 2008. In this suit, Idaho accused Alpharma of offering and paying for training programs, consulting forums, research grants, speakers' bureaus and making false statements about the safety and efficacy of Kadian.

02. **Pharmacist sentenced for healthcare fraud, aggravated identity theft and conspiracy to misbrand drugs**

08.07.2010

U.S. District Judge Marvin J. Garbis sentenced Pamela Arrey, a licensed pharmacist, to 57 months in prison followed by three years of supervised release for health care fraud, aggravated identity theft, and conspiracy to misbrand pharmaceuticals. Arrey was also ordered to forfeit her home and pay restitution of \$505,745.89, which she had obtained from this scheme. According to her guilty plea, from January 2003 to July 2008, Arrey claimed reimbursement from health care benefit programs, using patients' personal identity information, for "refills" of those prescriptions, for which no prescription drugs were ever dispensed to customers. The proceeds of the scheme were deposited into her Medicine Shoppe Pharmacy bank account, which Arrey also used to pay the mortgage on her home. Additionally, Arrey misbranded prescription drugs she had purchased in large drums from an unlicensed supplier, for resale in her pharmacies.

03. GPs to take control of patient funds

09.07.2010

Ministers are moving forward with controversial plans to give GPs control over £80bn of NHS funding which will see them make decisions on medical services for their patients. A health white paper out next week will spell out plans for radical changes to the health service. It is stated that these new rules are likely to lead to thousands of job losses among NHS managers and administrators. GPs will be obliged to take on these responsibilities and will not be able to opt out, which may not be popular with those who wish to concentrate on patient care and not have extra managerial and financial duties. A previous similar plan, called GP fund-holding, faltered when few doctors got involved.

04. German medical authorities re-examine Daniel Ubani competence

10.07.2010

The German GP, struck off in the UK after killing a patient, faces new investigations and may lose right to practice in his home country, Germany. He accidentally killed patient, David Gray, 70, at his home in Manea, Cambridgeshire, with a lethal overdose of the painkiller diamorphine on his first UK visit. He faces written and oral examinations on his medical competence next month. The tests will be the first stage in a disciplinary process that could end Daniel Ubani's medical career in Germany, where he is still allowed to practice, despite being barred from working in Britain within days of his mistake. Details of the action in Germany coincided with the publication of a devastating report by the NHS watchdog in England on Take Care Now, the defunct firm that employed Ubani as a locum.

05. UK comes top on end of life care - report

11.07.2010

It has been claimed by a global study that the UK has one of the best systems for end of life care. The analysis conducted by the Economist Intelligence Unit looked at access to services, quality of care and public awareness in 40 countries. Findings include the UK performing well on issues such as obtaining pain killers and quality of support. Along with Australia, it received 7.9 out of 10, well ahead of nations such as Denmark, on 5.1 and Italy, on 4.4. India came bottom on 1.9. The researchers talked to health professionals in 40 countries as well as looking through official data. They concluded access to drugs and caretakers were the two most pressing issues for all involved.

06. **EU in disagreement over anti-fraud reform**

13.07.2010

Member states and the EU parliament are at crossroads when it comes to moving the reforms of OLAF forward. The commissioner presented a 'reflection paper' on possible ways to reform the European anti-fraud office (Olaf), outlining where the European Parliament and member states are in disagreement and what solutions could be found to move forward. A legislative proposal to this end could be tabled by the end of this year, in view of having it approved by parliament in 2011. An example of a case coordinated by Olaf earlier this month saw Norwegian and Swedish border guards arrest a truck driver after he tried to illegally import 28 tons of Chinese garlic into the EU. However most Olaf leads do not get picked up by national authorities. German centre-right MEP Ingeborg Grassle, the rapporteur for Olaf reform, pointed out that only seven percent of Olaf's cases end up in court.

07. **Online privacy labels to prevent shoppers 'selling their souls'**

14.07.2010

US and EU consumer protection bodies want to introduce a data privacy labelling system which would make it easier for online shoppers to become aware of how their personal data is being used and passed on to other companies. Intended as an April Fool's joke earlier this year, an optional clause was inserted in a privacy policy of a British online retailer, GameStation, which proved that no one reads privacy policies. A similar privacy model is being pushed in the EU by the European Consumers Organisation (BEUC), whose director, Monique Goyens, was also present at the event. Part of the problem, in Ms Goyens' view, is that European consumers can't file collective complaints against companies, as it is the case in the US, with individual damages being too small to make the time and costs of going to court worth the trouble. Moreover, European data protection authorities are highly adept when it comes to pushing for general rules, but less so when it comes to enforcing rulings on individual cases.

08. **Bulgaria charges ex-PM amid EU Pressure on Justice System**

15.07.2010

Bulgaria's former prime minister has been charged with losing classified documents during his term, a move he called "politically motivated" just as the European Commission is due to release a report on the country's progress in shaping up its judiciary and fight against fraud and corruption. According to the allegations of Bulgarian prosecutors, Mr. Stanishev lost seven confidential reports whilst he was a prime minister, including NATO files and a national security report on organised crime. He may face a prison sentence of up to two years, although prosecutors say the case could be concluded with just a fine. This story is very relevant considering a report on fraud which was published by the commission on Wednesday (14 July) highlighted Bulgaria as the country accounting for most of the fraud reported in 2009 in regards to the so-called Sapard agriculture aid scheme.

09. **Anti-fraud office targets EU agencies**

15.07.2010

The EU's anti-fraud body, OLAF, has devoted a lot of its time to investigations targeting the bloc's own institutions, especially newly-created agencies which are prone to fraud and embezzlement, its 2009 activity report shows. The 133 cases mostly concern officials from the European Commission, the EU parliament and EU agencies, but also the Committee of the Regions, the Data Protection Supervisor, the EU ombudsman and the European Investment Bank. Allegations include embezzlement, favouritism, fraudulent claims by staff and wrongdoing in tender procedures to conflicts of interest. The total financial impact of these investigations is estimated at €25 million.

10. **Eight states want closer criminal co-operation**

15.07.2010

Eight member states of the European Union have put forward their own proposal for EU-wide rules that would give investigators in criminal cases access to evidence in other countries. The EU's 27 member states took note of this initiative on Monday (12 July), clearing the way for the proposal on a European investigation order to be forwarded to the European Parliament and to the European Commission. The proposal would have to have the approval of a weighted majority of member states and of the Parliament to become law. The Commission is preparing a proposal, to be ready by 2011, of its own under the EU's Stockholm programme, but eight member states – Austria, Belgium, Bulgaria, Estonia, Luxembourg, Slovenia, Spain and Sweden – believe that faster legislation is required. The proposed investigation order is intended to replace the European evidence warrant.

11. **Hyde colleague warns of malicious GP risk**

19.07.2010

A doctor who worked alongside serial killer Harold Shipman has told the BBC there is still scope for wrongdoing within the medical profession. Dr Raj Patel, who still works in Hyde, believes that a malicious doctor could still exploit weaknesses in GP systems - 10 years after Shipman was jailed. Shipman was jailed in January 2000 for murdering 15 of his patients. A following inquiry decided he had killed at least 215 people over a period of more than 20 years. Shipman used the drug diamorphine to kill patients both in their homes and at his surgery. He was jailed for life in January 2000 and committed suicide in prison in 2004. The Department of Health has insisted that the majority of recommendations from the Shipman Inquiry have been implemented with the aim of improving the quality and safety of patient care.

12. **WHO and IHTSDO combine knowledge**

23.07.2010

The International Health Terminology Standards Development Organization is collaborating with the world health organization to harmonize information relating to WHO classifications and SNOMED CT to benefit citizens around the world. It will make it easier for patients, physicians and health authorities to obtain accurate and trusted information, thus improving health and healthcare systems, making it easier to summarize information from individual patients' health records into aggregate results needed for health policy, health services management, and research. "The road to health passes through information" says Tim Evans, WHO's Assistant Director General for Information, Evidence, and Research. Duplication of effort may be avoided, thus allowing more time to spend improving healthcare systems. It is an effective use of public resources. The organizations hope to enhance health through the availability of information on standards from around the world.

13. **Health Insurance like Car Insurance**

26.07.2010

Javier Mur, managing director of Accenture's health insurance stated in an interview with EurActiv that citizens should be responsible to the health costs they incur and should be punished or rewarded accordingly. This would create a system like that of car insurance – a no claims bonus so to say. Mur believes that the best way for people to learn is if their pocket suffers, saying that, "everyone has to have in mind that we must manage our resources in a good way. The best way to learn this is to be made pay for something".

14. **Further Charges for Johnson & Johnson**

28.07.2010

Johnson & Johnson are facing new criminal charges over the epilepsy drug Topamax, having admitted to illegally marketing the anticonvulsant drug. According to the U.S. Justice Department, the Johnson & Johnson Company as a whole will end up forking over more than \$81 million to settle the cases. The federal government will receive more than \$50 million from the settlement, Medicaid will receive almost \$25 million, and the remaining \$9 million will be split by the three whistleblowers who brought the issue to light.

15. **Undesired Effect for Pharmaceutical Trade Agreement**

29.07.2010

Campaigners warn that developing countries could lose access to life saving treatments due to an international anti-counterfeiting trade agreement (ACTA). In a letter to Karel de Gucht, the commissioner for trade, the five campaigning groups, including anti-poverty and injustice campaign group Oxfam, warned that these new unbalanced rules could result in overzealous enforcement of intellectual property laws in relation to medicines. The draft contradicts statements made by de Gucht that patents did not apply. This could pose a major threat to public health, while doing little to protect consumers against unsafe products. ACTA do not differentiate between trademark infringement and counterfeiting, yet campaigners believe that only the second category should be mentioned. The letter was signed by Oxfam International and Health Action International Europe, as well as Knowledge Ecology International, public citizen and Vrijschrift.