

Healthcare fraud news briefing

May 2010

1. Prince of Wales health organisation closed following fraud inquiry

01.05.2010

A health charity to advance the use of complementary medicine, as established by the Prince of Wales, UK, has been closed down due to an audit as conducted by the trustees of the Prince's Foundation for Integrated Health. This audit revealed that hundreds of pounds were missing after the trustees of the charity could not explain the missing cash from the 2008 – 2009 accounts. The trustees highlighted that this closure was bound to occur in the future and that the aim of the organisation had already been achieved. This was due to the Government acknowledging the need for a regulatory system governing complementary therapies.

2. Nursing Assistant Steals Patients Monies

01.05.2010

A trusted nursing assistant stole money from vulnerable patients in a Sunderland Hospital, UK. Margaret Hamilton withdrew thousands of pounds belonging to elderly psychiatric patients and spent it on luxuries for herself. Durham Crown Court heard Judge Michael Carlidge sentenced Hamilton to nine months in prison, suspended for 12 months, including 200 hours of community work. Hamilton was ordered to repay £4,730 by September next year. The trust has reimbursed the patients and Hamilton has been dismissed.

3. Pharmacist and his pharmacy convicted of fraud

04.05.2010

On March 30, 2010, the United States Attorney for the District of Connecticut announced that it had reached a civil settlement with Roy Katz and the pharmacy he owned, RG Pharmacy, concerning alleged violations of the False Claims Act. It was alleged by the government that, over the period from 1999 to 2007, Katz and RG Pharmacy would regularly receive prescriptions by fax or phone for 30-day supplies of medication. They then billed Medicare and Connecticut Medicaid the professional fees associated with dispensing four separate one-week prescriptions, rather than the one 30-day prescription that was originally ordered. Under the terms of the settlement, Katz and RG Pharmacy agreed to pay the federal government and state of Connecticut \$1,115,000, and they will be barred from participation in any federal health programs for seven years.

4. Counterfeit imports can be destroyed without brand owners having to go to court

6.05.2010

UK goods which are suspected of being counterfeit can now be destroyed without the brand owner having to go to court to get an order in respect of each consignment. This changes the rules which HMRC brought into force last year, which caused a steep increase in the costs and admin for protecting trademarked products. The new rules mean that brand owners can try to contact the importer to state that they believe the goods to be counterfeit. If the importer agrees or does not respond to the brand owner's contact, the brand owner can now destroy the goods without having to go to court.

5. Draft Anti-Counterfeiting Trade Agreement finally published

06.05.2010

A draft of the Anti-Counterfeiting Trade Agreement has finally been published. ACTA has been negotiated and discussed in secret between leading Governments for over two years (including North America, Europe, Japan and Korea), and there has been a lot of concern over what it contained. There are two options. One is to require Internet service providers to have appropriate policies in place to stop the activity from happening, including ultimately terminating users' Internet access. The other would involve ISPs stopping the infringing material itself from being accessed.

6. European Parliament adopts Written Declaration on Corruption

06.05.2010

The Written Declaration on the European Union's efforts to combat corruption has been adopted by the European Parliament on the 6th of May 2010, having obtained the signatures of more than half of the Members of the European Parliament. The Declaration now expressly highlights the European Parliament's political will to combat corruption in the Union.

7. OECD Good Practice Guidance on internal controls, ethics and compliance

10.05.2010

The OECD published its (non legally binding) 'Good Practice Guidance' addressed to companies for creating and ensuring the effectiveness of internal controls, ethics and compliance programmes or measures for preventing and detecting the bribery of foreign public officials in their international business transactions, and to business organisations and professional associations, which play an essential role in assisting companies in these efforts. The Guidance is flexible and should be adapted by companies according to their individual circumstances.

8. Investor coalition demands bribery policy clarity from 21 major companies

10.05.2010

A coalition of 20 pension fund investors and fund managers (led by some of the world's largest pension fund groups, including CalSTRS) with assets of US\$1.7 trillion (all signatories to the UN Principles for Responsible Investment) have contacted 21 major companies in the defence, construction and other sectors in 14 countries to reveal the measures they have in place to avoid bribery and corruption in business with their suppliers. They have asked the companies to explain whether their anti-corruption management systems adhere to international reporting frameworks developed by the International Corporate Governance Network and the UN Global Compact.

9. "Bad Ad Program" to help healthcare providers detect, report misleading drug ads

12.05.2010

On May 11, 2010, the U.S. Food and Drug Administration (FDA) launched a new initiative – the “Bad Ad Program” – designed to educate health care practitioners about their role in ensuring that prescription drug advertising and promotion is truthful, and not misleading. With the launch of this program, FDA, through the Division of Drug Marketing, Advertising, and Communications (DDMAC) is now actively seeking to “collaborate with health care professionals” to strengthen the effectiveness of the agency’s marketing and advertising surveillance program.

10. US Health care reform: impacts on clinical research

14.05.2010

On March 23, 2010, the Patient Protection and Affordable Care Act (PPACA) came into being. Some of its provisions include the coverage of routine patient costs for items and services furnished in connection with participation in the trial and expanding the scope of clinical research in order to compare different therapies against one another so as to improve value-based healthcare. In addition, there is increased funding for fraud & abuse control by \$250 million, over ten years.

11. Top-level review ordered into sacking of whistle-blower

16.05.2010

The new UK Secretary of State for Health, Andrew Lansley, has ordered a high-level investigation into why a senior NHS manager was sacked for whistle-blowing. John Watkinson was dismissed from his post as chief executive by the Royal Cornwall Hospital NHS Trust (RCHT) in 2009. The tribunal held that Mr Watkinson was sacked by the Trust because he refused to bow down to pressure on the survival rates for cancer patients. It rejected that he was dismissed because of reported failings at his previous job or a breakdown of trust and confidence in his leadership.

12. Affordable Care Act Contains New Tools to combat Health Fraud

18.05.2010

Officials from the U.S. Department of Health and Human Services and the Department of Justice today have put forward new tools in the Affordable Care Act in order to help fight fraud, strengthen consumer rights and protect taxpayer's money. Secretary of Health and Human Services (HHS) Kathleen Sebelius and Attorney General Eric Holder believe that these tools will enhance the ability to prevent fraud by making it harder to provide false claims, they will make it easier to catch those who try to cheat consumers and will make sure that they face harsh consequences.

13. Common EU standards on organ donation adopted

19.05.2010

On the 19th of May 2010, the European Parliament voted on a proposed directive in order to set common EU quality and safety standards on organ transplants. These standards were passed with 643 votes against 16. In addition, the Commission's 2010 – 2015 work plans on organ donation and transplantation was approved by the parliament.

14. U.K. enacts Bribery Act 2010, a major foreign bribery legislative reform

20.05.2010

In April 2010, the British Parliament passed a comprehensive modern Bribery Act which criminalizes commercial bribery and bribery of domestic and foreign government officials; receipt of a bribe; and failure by a corporate entity to prevent bribery. This corporate offence of failure to prevent bribery applies not only to U.K. companies, but to any company that conducts part of its business in the U.K., even if no part of the conduct constituting the bribery took place in the U.K. But there is also a defence to liability for failure to prevent bribery if the corporate entity can show that it has "adequate procedures" in place to detect and deter such conduct. The Act was expected to become effective later this year.

15. Online Pharmacy fakes logo

21.05.2010

It has been discovered that an online pharmacy in Russia has been illegally using a logo of a European pharmacy lobbying group. They seemed to be endorsed by the Pharmaceutical Group of the European Union (PGEU), which is based in Brussels. This illegal website, which sells Viagra and other prescription drugs, contained a fake certificate as well as a forged signature of Filip Babylon who is the president of the PGEU. This website was made known to PGEU when a spam email was sent to a member of the pharmaceutical group.