

Two Individuals Arrested for Pharmacy Health Care Fraud Kickback Schemes

Article By:

United States Department of Justice (DOJ)

Two New York women were arrested today on criminal charges related to their alleged participation in schemes to pay illegal kickbacks and bribes to Medicare beneficiaries and Medicaid recipients for medically unnecessary prescriptions filled by various pharmacies in New York that resulted in more than \$10.5 million in total losses to Medicare and Medicaid.

“As alleged, the defendants repeatedly paid illegal bribes and kickbacks to be able to fill medically unnecessary prescriptions at pharmacies in Brooklyn and Queens, costing Medicare and Medicaid millions of dollars,” said Assistant Attorney General Kenneth A. Polite, Jr. of the Justice Department’s Criminal Division. “Together with our partners, the department is committed to tackling these illicit relationships that defraud federal health care programs designed to assist some of our most vulnerable citizens.”

According to court documents and proceedings, Hua Huang, 47, of Fresh Meadows, and Huiling Wu, 40, of Brooklyn, were separately charged by complaint for their roles in schemes to defraud Medicare and Medicaid through the submission of claims for prescription drugs that were induced by illegal health care kickbacks and bribes at three pharmacies in Brooklyn and Queens.

“The payment of kickbacks in Medicare serves only to enrich the complicit parties at the jeopardy of the program’s integrity and the expense of the taxpayers,” said Acting Special Agent in Charge Susan A. Frisco of the U.S. Department of Health and Human Services Office of Inspector General (HHS-OIG). “Our agency and law enforcement partners remain strong in our resolution to investigate and pursue individuals who allegedly operate counter to laws protecting federal health care programs.”

Huang was an employee of NY Elm Pharmacy Inc. (NY Elm), located in Flushing. She allegedly referred an individual to a podiatrist who signed prescriptions – including for durable medical equipment and Diclofenac Epolamine – that NY Elm and other entities with common ownership then billed to Medicare and Medicaid. Huang provided the individual with supermarket gift certificates for each prescription brought to the pharmacy and also provided the individual with cash in exchange for the individual’s monthly insurance allowance for over-the-counter products. Federal law enforcement agents executed a search of NY Elm concurrent with Huang’s arrest.

Wu was an owner and employee of 888 Pharmacy Inc. (888 Pharmacy), located in Brooklyn. She allegedly referred an individual to specific podiatrists who signed prescriptions that 888 Pharmacy then billed to Medicare and Medicaid. Wu provided the individual with store credit for each prescription brought to 888 Pharmacy. She also provided the individual with supermarket gift certificates in exchange for the individual's monthly insurance allowance for over-the-counter products. Federal law enforcement agents executed a search of 888 Pharmacy concurrent with Wu's arrest. Two additional pharmacies were searched, one in Brooklyn and one in Hawaii.

"The defendants allegedly participated in schemes designed to defraud Medicare and Medicaid through a coordinated system of kickbacks and bribes for unnecessary prescriptions," said Assistant Director in Charge Michael J. Driscoll of the FBI York Field Office. "The FBI along with our law enforcement partners remain resolute in our efforts to protect government sponsored health care programs designed to aid members of our community in need. Individuals willing to scam these programs will be held accountable for their actions in the criminal justice system."

If convicted, Huang and Wu each face a maximum penalty of 10 years in prison. A federal district court judge will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors.

The HHS-OIG and FBI New York Regional Offices are investigating the case.

Trial Attorney Patrick J. Campbell and Assistant Chief Miriam Glaser Dauermann of the Criminal Division's Health Care Fraud Strike Force are prosecuting the case.

The Fraud Section leads the Criminal Division's efforts to combat health care fraud through the Health Care Fraud Strike Force Program. Since March 2007, this program, comprised of 15 strike forces operating in 24 federal districts, has charged more than 4,200 defendants who collectively have billed the Medicare program for more than \$19 billion. In addition, the Centers for Medicare & Medicaid Services, working in conjunction with the Office of the Inspector General for the Department of Health and Human Services, are taking steps to hold providers accountable for their involvement in health care fraud schemes. More information can be found at <https://www.justice.gov/criminal-fraud/health-care-fraud-unit>.

A criminal complaint is merely an allegation. All defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

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