

STATE OF UTAH
Insurance Fraud Division
230 South 500 East
Suite #170
Salt Lake City, UT 84102

KEVIN WYATT
Criminal Investigator

801.531.5385
801.330.0789 cell
801.535.2878 fax
kwyatt@utah.gov



Advanced Pain and Weight Management



- In approximately March of 2004 Theodore opens Advanced Pain and Weight Management.
- Board Certified in Pediatric Medicine
- Multi-Million dollar practice in Tulsa, Oklahoma
- "issues" in Oklahoma. Moved to Utah
- Worked for two different "Medical-Mills"
- Rent-a-doc
- Search warrant served on last employer
- No certification in pain management
- "member" of Pain Management Association

Dr. Alexander Theodore

“I am a one
prescription
doctor”



“If there is a forest fire, I don't send in
the boy scouts to piss on it”

Java Jims Coffee and narcotic distribution shop



The Insurance Fraud

- The average cost of a 120 tablet OxyContin 40mg prescription was \$560
- State Medicare and almost every big insurance carrier was billed and paid for the scripts
- Estimated insurance loss was close to \$400,000.00
- Off a \$15 to \$20 co-pay, participants made close to \$3,000.00 per prescription.



THE INDICTMENT



- ❖ On 5/4/06 Alexander Theodore was indicted on 83 Federal Counts.
- ❖ A Warrant was issued for his arrest and he was arraigned before a US Magistrate on 5/5/06
- ❖ Continuing Criminal Enterprise
- ❖ Conspiracy to Distribute a CS
- ❖ 22 Counts of OxyContin Distribution
- ❖ Falsification of Information in Health Care Matters
- ❖ Fraud Against the United States
- ❖ Aggravated Identity Theft

Case Details

- ❖ Approximately 250 Patient prescribed Oxycontin
- ❖ Average Age of Patients = 25-30
 - Majority in their 20s
- ❖ OxyContin Prescribed by Dr. T
 - # of OxyContin Prescriptions Jan 1, 2004-February 14, 2005
 - ❑ 10 Mg = 1
 - ❑ Pills = 60
 - ❑ 40 Mg = 610
 - ❑ Pills = 64,526
 - ❑ 80 Mg = 156
 - ❑ Pills = 9,169
- ❖ Total # OxyContin Prescriptions = 768
- ❖ Total # of OxyContin Pills = 73,755

Alexander Theodore OxyContin Comparison

Prescriptions

Doses

Theodore	768	73,755
Pain Dr. #1	248	20,070
Pain Dr. #2	272	15,008
Pain Dr. #3	122	8,393
Pain Dr. #4	75	5,325
Pain Dr. #5	26	2,982

Dr. Theodore



Dr. Warren Stack



2005-2007

- Multiple complaints file at Licensing (DOPL) by pharmacists & family members of OD victims.

Late 2006-Early 2007

- DEA notified

Early 2007

- Salt Lake County seeing DUI and drug arrests with suspects linked to Dr. Stack.

April 2007

- IFD asked to prosecute case due to our experience with Theodore.

May 16, 2007

- Records Seized and interviews followed for several months.

What We Learned

- Over 4,000,000 Doses written by Dr. Stack in four year period.
- Multiple over doses in 18 month period
- 18 deceased patients in same time period
- Over \$1,000,000 billed to insurance carriers in 18 months

Dr. Warren Stack

- ❑ \$182-200 office visit 80% 90% cash
- ❑ \$66-70 follow-up visit
- ❑ 3-6 hour wait
- ❑ 4.1 million pills
- ❑ 45000 prescriptions in 48 months
- ❑ Street price per pill went up \$30-40 overnight
- ❑ Pharmacy robberies went up

Indictment

December 12, 2007

18 federal counts

- 11 Distribution of a controlled substance
- 5 counts of distribution resulting in death
- 5 counts insurance fraud
- 1 count Money Laundering
- 1 count conspiracy

Two Office staff indicted on conspiracy

Dr. Paul Taylor

Davis County Physician

- ❖ Lost job at clinic
- ❖ Divorce
- ❖ Several complaints concerning meeting patients in their cars
- ❖ UC
- ❖ Buys

Indictment

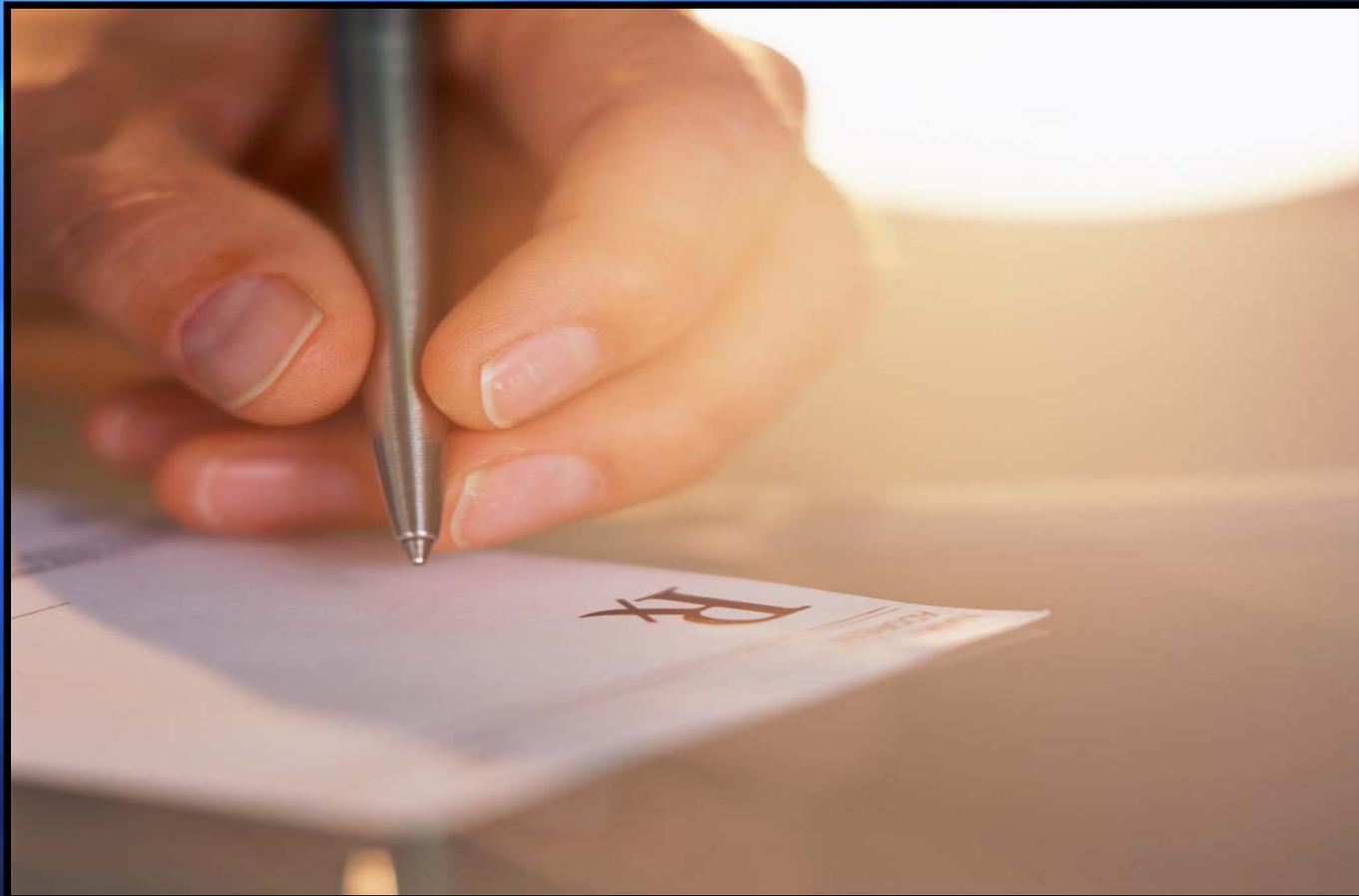
We're Number One!

- 2007 study by U.S. Department of Health and Human Services:
- "Utah leads the nation in non-medical painkiller abuse."
- 6.5 percent of Utahns are using prescription drugs without a doctor's approval. That is over 150,000 people.

We're Number One!

- Between 1992 & 2003
- The U.S. population grew 13 %
- Rx drug abuse rose **93.8%**
- The number of prescriptions for narcotic pain killers soared to **222%**
- In 1992 insurance paid for 26% of Rx drugs
- In 2005 insurance paid for 50% of Rx drugs
- Pain Management has emerged as a legitimate medical specialty.
- This has encouraged wider use of prescription narcotics.
- Because pain management is largely unregulated, any doctor can designate himself as a pain management specialist.

Prescription Fraud

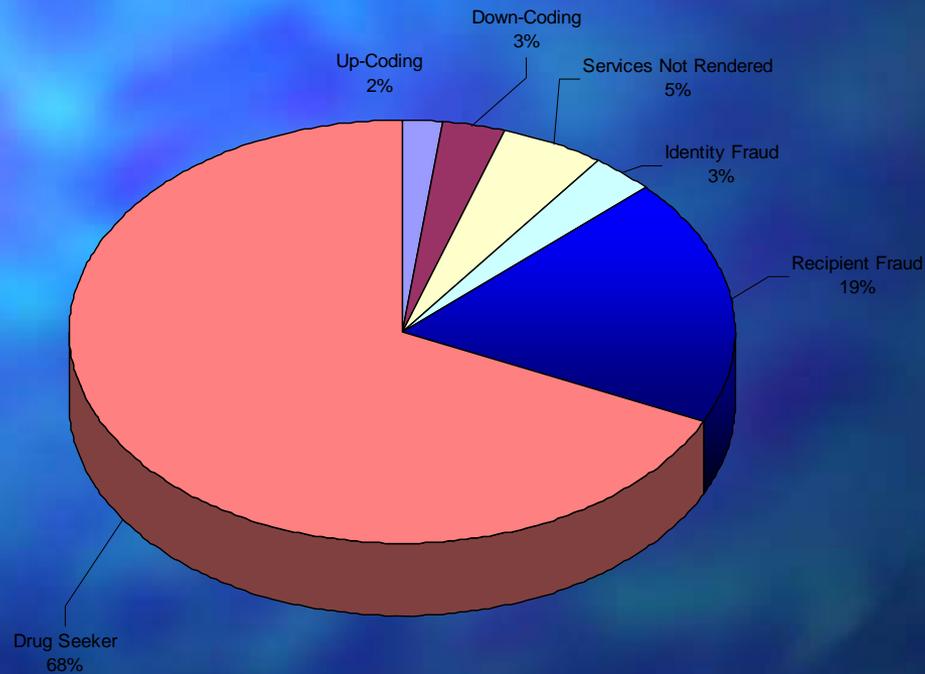


We're Number One!

For every \$1.00 insurance pays in narcotic prescription costs, it pays out \$41.00 in related medical claims in doctor-shopping cases.

Health Care Fraud Caseload

Health Care Fraud Investigations



Doctor Shopping



DRUG DEATHS



Drug deaths

SALT LAKE/DAVIS COUNTIES

2002 PROFILE

TOTAL DEATHS: 69

Ages: 53 over 35 years old
29 over 45 years old

Race: 65 white, 3 Hispanic,
1 black

Gender: 49 males, 20 females

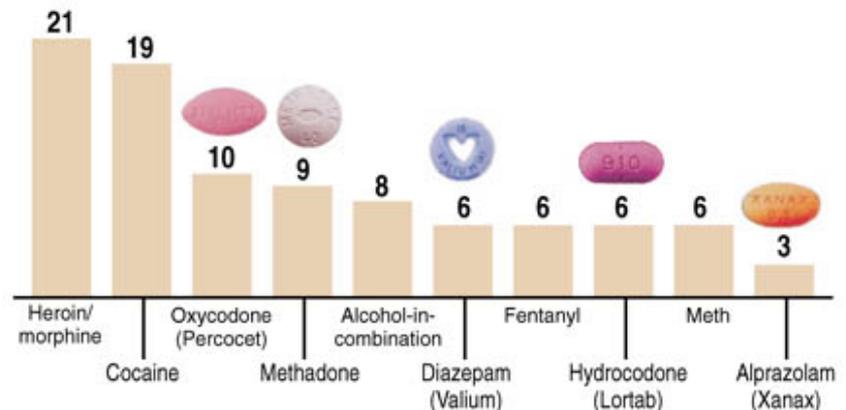
	1998	2002
Painkillers	15	40
Heroin	83	24
Cocaine	77	19
Total drug deaths	118	69

NOTE: Does not mean that the deaths were caused by those substances; in many cases there is multi-drug use.

SOURCE: Federal Substance Abuse and Mental Health Administration

Top 10 drugs

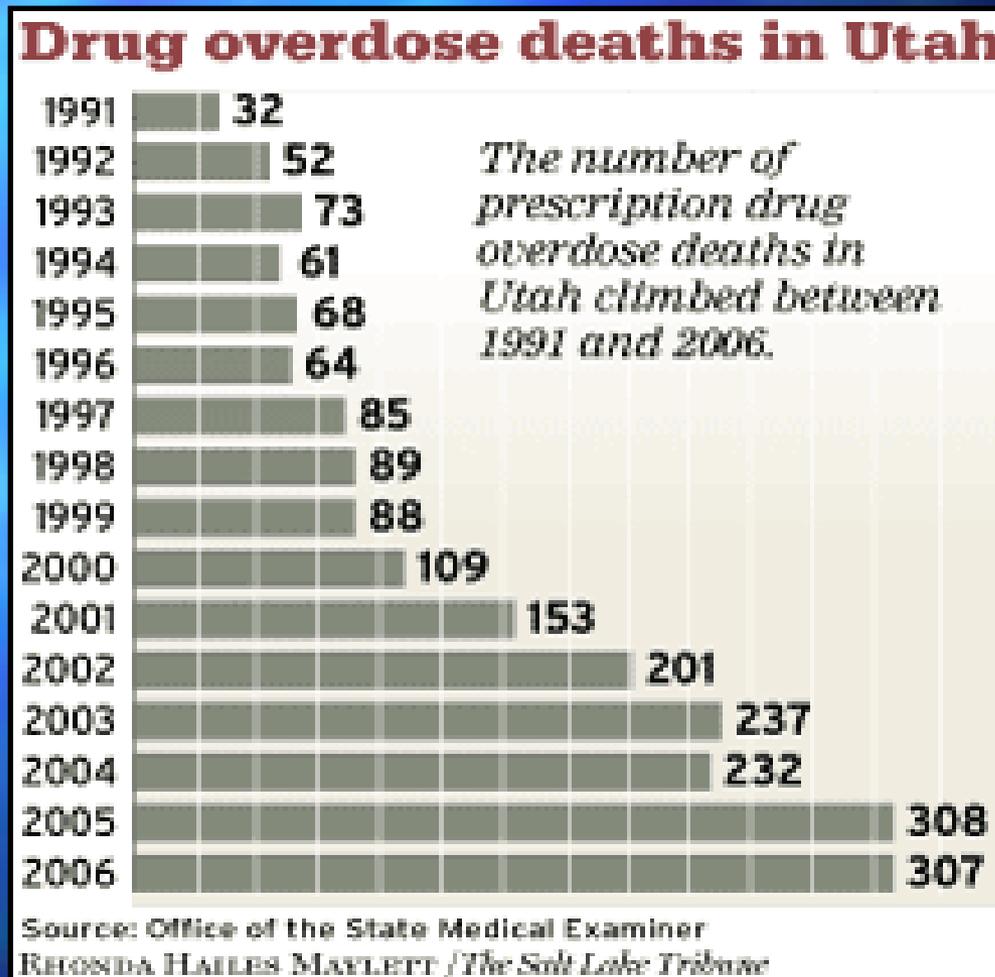
Number of times each drug in 2002 was mentioned in contributing to a death in Salt Lake County. Six of the top 10 are prescription pills.



Source: Substance Abuse and Mental Health Services Administration

The Salt Lake Tribune

Drug Death Increases



859% Increase!!!



Doctor Shoppers



FY2005 - 2006

- ➡ ≥ 12 Prescribers – 1,878 individuals
- ➡ ≥ 24 Prescribers – 160 individuals
 - ➡ Age range – 18 years old to 60 years old
 - ➡ Average age 34
 - ➡ Gender Ratio: 66% female/34% male
 - ➡ Average number of Rxs - 70
 - ➡ Average number of prescribers - 32

CITY BEAT

CITY EDITOR: Jay Hamburger 649-9014 ext.111
citynews@parkrecord.com

Pharmacist sent to jail for a month

Strebel admitted to defrauding insurance firm

By JAY HAMBURGER

Of the Record staff

Judge Bruce Lubeck on April 18 sentenced a Park City pharmacist to 30 days in jail for his role in defrauding an insurance company.

Thomas Strebel is required to report to the Summit County Jail by 7 p.m. on Friday, court records show. As part of a deal with prosecutors, Strebel, 61, who lives in Park Meadows, pleaded guilty to a class A misdemeanor charge of violating the state's False or Fraudulent Insurance Act.

Strebel, who was from the Park City Pharmacy, had initially faced two felony charges, one of insurance fraud and the other of witness tampering, but struck a plea bargain with the prosecutors in February.

Court records show that Strebel agreed to plead guilty to the insurance-fraud charge in exchange for the count being reduced to a class A misdemeanor and that the prosecutors drop the witness-tampering charge.

Meanwhile, Strebel agreed to

pay \$26,729.80 in restitution to Intermountain Healthcare and pay \$10,000 to the fraud division of the Utah Insurance Department to reimburse for its investigation, according to court documents.

As part of the agreement with prosecutors, Strebel pledged to not work as a pharmacist, not own a pharmacy and not work at a pharmacy.

Federal authorities in October arrested Strebel, charging that he was

seeking money from insurance companies for medicines that were not prescribed.

David Barrow, a pharmacist at Park City Pharmacy, said on Monday that Strebel left the business in late 2005.

The pharmacy was closed for three weeks in late 2005 at about the same time as Strebel's depar-

ture as new licenses were obtained, Barrow said. Strebel sold the pharmacy in the same period, he said.

Barrow said customers have been returning to the pharmacy in the meantime. It is currently operating normally, he said.

The case unfolded last fall, when the state Division of Occupational and Professional Licensing investigators targeted Strebel after receiving informa-

A doctor noticed the discrepancy and contacted the licensing division, saying, "Not asthmatic! I did not prescribe. We are reporting to DEA & State Board of Pharm," the filing said.

In May and in July 2005, the doctor received letters from IHC asking for a response to an audit of the prescriptions and in October the doctor, in response to an administrative subpoena from the licensing division, supplied the investigators with medical records, the prosecutors said.

The doctor "emphasized" she was not treating her patient for asthma, according to the prosecutors.

The patient in October told investigators that she had not been prescribed asthma medicine but, prosecutors said she, "was aware that these types of medications had been billed to her insurance carrier."

Bell said Strebel paid the restitution and he is pleased that Strebel is barred from working in the industry.

"We don't want him in the pharmacy business," he said.

Attorneys for Strebel did not immediately return phone messages seeking comment.

"We don't want him in the pharmacy business."

**- Daryl Bell
Attorney General's Office**

tion that an IHC customer, who did not suffer from asthma, was receiving asthma medicine that was not prescribed, according to a 2005 court filing made by Daryl Bell, an assistant attorney general.

The pharmacy billed IHC \$26,729.80 for medications like Advair, Diskus and Albuterol, Bell claimed.

POLICE BLOTTER

No students aboard school bus involved in accident

on the 2100 block of Park Avenue. The police were unable to locate a suspect. The police were called to the 700

The police received a complaint that a vehicle was broken into at the China Bridge parking structure at 5:36 p.m. The police said damage

T. S. Pharmacist

- Charged insurance co. \$26k for diverted pharmaceuticals.
- Arrested on insurance fraud and witness tampering.
- One month in jail. Restitution. Fine.

IFD Task Force participation

- Identity Fraud (FBI)
- Mortgage Fraud (FBI)
- Healthcare Fraud (FBI)
- IRxNet working group (IFD)
- Financial Crimes

Types of Drugs that are Diverted

- Lortab/Hydrocodone/Norco
- Oxycodone/Percocet/Roxicet
- Oxycontin
- Ambiem
- Actiq
- Hydromorphone
- Alprazolam/Xanax

Utah CSDB Reports

CONTROLLED SUBSTANCE PRESCRIPTION REPORT

IMPORTANT PLEASE READ

This information is provided in accordance with UTAH CODE ANNOTATED 58-37-7.5(8) and UTAH CONTROLLED SUBSTANCE RULES R156-37-610(5). Any attempt to obtain information from the database by fraud, deceit, or subterfuge and any release or unauthorized use of the information constitutes a third degree felony and a civil fine of up to \$5,000 as provided by UTAH CODE ANNOTATED 58-37-7.5(9), (10), and (11)(a).

REPORT DATE: 04/27/2007
REPORT TIME: 12:40:00 PM

First Name	Last Name	Birth Date	Address	RX#	Drug Dispensed	Qty	Date Filled	Dys	Prescriber	Dispensing Pharmacy Pharmacy Phone #
		10/31/1953		4125441	HYDROCODONE 7.5MG/APAP 500MG TABS	20	12/30/2006	5	PEARMAIN, STEVE BRENT PA	SHOPKO #2084 WEST JORDAN 801-562-5400
		10/31/1953		525534	HYDROCODONE 5MG/APAP 500MG TABS	15	12/31/2006	1	EMERY, GARRETT JOHN MD	WALGREENS #6183 BOUNTIFUL 801-294-9107
		10/31/1953		554374	HYDROCODONE 7.5MG/APAP 500MG TABS	20	01/01/2007	3	MG1338626 (NOT ON FILE)	WALGREENS #5875 WEST JORDAN 801-566-7663
		10/31/1953		325548	HYDROCODONE 7.5MG/APAP 500MG TABS	25	01/02/2007	4	WILLIAMS, CAMERON S MD	ALBERTSONS #396 PRICE 435-637-7112
		10/31/1953		4412445	HYDROCODONE 7.5MG/APAP 500MG TABS	30	01/03/2007	3	SMITH, J LYNN MD	WALMART #5233 WVC 801-965-0243
		10/31/1953		3000362	HYDROCODONE 7.5MG/APAP 500MG TABS	35	01/04/2007	6	LORE, STEVEN CLARENCE MD	U OF U CENTERVILLE 801-693-7950
		10/31/1953		975988	HYDROCODONE 7.5MG/APAP 500MG TABS	30	01/06/2007	8	PLUNKETT, STEPHANIE MD	HARMONS #33 KEARNS 801-963-7200
		10/31/1953		3000374	DIAZEPAM 10MG TABS	20	01/08/2007	10	LORE, STEVEN CLARENCE MD	U OF U CENTERVILLE 801-693-7950
		10/31/1953		3000375	HYDROCODONE 7.5MG/APAP 500MG TABS	35	01/08/2007	6	LORE, STEVEN CLARENCE MD	U OF U CENTERVILLE 801-693-7950
		10/31/1953		4412597	HYDROCODONE 7.5MG/APAP 500MG TABS	30	01/10/2007	3	SMITH, J LYNN MD	WALMART #5233 WVC 801-965-0243
		10/31/1953		634554	HYDROCODONE 7.5MG/APAP 500MG TABS	30	01/12/2007	7	LUCAS, ROBERTA A NP	DAN'S #5 BRIGHTON 801-943-0951
		10/31/1953		4125644	HYDROCODONE 5MG/APAP 500MG TABS	15	01/13/2007	15	MG1338626 (NOT ON FILE)	SHOPKO #2084 WEST JORDAN 801-562-5400
		10/31/1953		4412693	HYDROCODONE 7.5MG/APAP 500MG TABS	30	01/15/2007	3	SMITH, J LYNN MD	WALMART #5233 WVC 801-965-0243
		10/31/1953		3000404	HYDROCODONE 7.5MG/APAP 500MG TABS	35	01/16/2007	6	LORE, STEVEN CLARENCE MD	U OF U CENTERVILLE 801-693-7950
		10/31/1953		3000405	DIAZEPAM 10MG TABS	14	01/16/2007	7	LORE, STEVEN CLARENCE MD	U OF U CENTERVILLE 801-693-7950
		10/31/1953		502581	HYDROCODONE 10MG/APAP 500MG TABS	30	01/18/2007	6	PLUNKETT, STEPHANIE MD	MILLCREEK PHARMACY 801-262-7455
		10/31/1953		520289	HYDROCODONE 5MG/APAP 500MG TABS	20	01/20/2007	20	MG1338626 (NOT ON FILE)	WALGREENS #6282 KEARNS 801-982-1912
		10/31/1953		3000436	HYDROCODONE 7.5MG/APAP 500MG TABS	35	01/22/2007	6	LORE, STEVEN CLARENCE MD	U OF U CENTERVILLE 801-693-7950
		10/31/1953		39922	HYDROCODONE 7.5MG/APAP 500MG TABS	20	01/23/2007	3	GREENE, DOUGLAS ALLAN PA	DICK'S CENTERVILLE 801-677-0171
		10/31/1953		4412853	HYDROCODONE 7.5MG/APAP 500MG TABS	30	01/23/2007	3	SMITH, J LYNN MD	WALMART #5233 WVC 801-965-0243
		10/31/1953		4061384	HYDROCODONE 5MG/APAP 500MG TABS	20	01/24/2007	5	STANGER, VICTORIA PA	SHOPKO #2085 BENNION 801-967-5100
		10/31/1953		3000463	HYDROCODONE 7.5MG/APAP 500MG TABS	35	01/29/2007	6	MORRILL, ARNOLD BRETT DO	U OF U CENTERVILLE 801-693-7950
		10/31/1953		3000464	DIAZEPAM 10MG TABS	14	01/29/2007	7	MORRILL, ARNOLD BRETT DO	U OF U CENTERVILLE 801-693-7950

PROSECUTION: How Many Charges per Script

One Forged prescription carries the following counts

Could be two counts of Felony ID theft

- One count doctor
- One count patient

Forgery

Illegal Possession controlled substance

Insurance fraud

Communications fraud

Practicing Medicine w/o License

Utah's Problem



Other Cases involving Diversion of Prescription Drugs

D. A., MD 588 Felony counts possible

Oxycontin scripts

Insurance Paid \$97,000

P. C. Pharmacy

T. S., R.Ph billed meds for wife to GF Insurance

Bribed her to assist with hampering investigation

C. D. and S. S.

29 priors

bought Percocet \$40.00

Oxycontin

K. B. Elementary Teacher

650-800 Ambien monthly

Shopping for meds

So, How are these drugs Diverted?

- Stolen from pharmacy/shipping
- Stolen from home (Kids)
- Obtained falsely (lie to doc)
- Forgery
- Robbery
- Pharmacy insider
- Physician/staff

What is the Goal?

Arrest

Treatment

Restitution



Most Wanted

Lorem ipsum dolor sit amet, consectetur adipiscing elit. Curabitur at nulla. Maecenas auctor ante non nunc. Quisque nisl eros.

MOST WANTED

Director's Message

"Insurance fraud is a crime that everyone pays a high price for. The Insurance Fraud Division (IFD) is committed to uncovering fraud and bringing the criminals to justice. We are coordinating our efforts with the insurance industry, Attorney General, Division of Real Estate, FBI, DEA, HHS, HUD, DOPL and other state and local law enforcement groups to investigate and prosecute this criminal activity. Getting caught has far reaching individual consequences and there is a strong likelihood of getting caught."

Contact Numbers

- ❑ **Poison Control** **1-800-222-1222**
- ❑ **Personal Physician**
- ❑ **Local Police**
- ❑ **Insurance company (run your own script histories, no EOB on drugs)**
- ❑ **Insurance Fraud Division** **801-531-5385**
- ❑ **Utah Controlled Substance DB** **801-530-6220**
- ❑ **Treatment Programs**

www.ifd.utah.gov

QUESTIONS?

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THANK YOU!