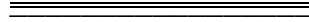
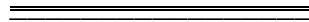


**The Bill Blackwood
Law Enforcement Management Institute of Texas**



Prescription Drug Fraud: How to Identify and Investigate



**An Administrative Research Paper
Submitted in Partial Fulfillment
Required for Graduation from the
Leadership Command College**



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September 2010**

ABSTRACT

Prescription drug abuse and the unlawful procurement of these drugs have increased throughout the last several years. Methods of committing these offenses include the use of forged or altered prescriptions, fraudulent health insurance claims, and theft of prescription drugs from pharmacies, hospitals, and nursing homes. This has resulted in increases in addiction and monetary loss to the healthcare industry. The purpose of this research is to examine prescription drug fraud and law enforcement's emerging response to this problem.

Law enforcement personnel are generally unaware of the magnitude of the problem and are not completely prepared to adequately combat and investigate crimes of this nature. Police officers do not perceive prescription drug abuse to be as much of a problem as street drugs and investigation of these offenses, including those involving fraud, is complicated with new laws and regulatory procedures to learn. The researcher reviewed various journal and magazine articles that describe law enforcement's realization of the scope of the problem and how it impacts local, state, and federal jurisdictions. A survey within a local police department was also conducted, which confirmed a general unawareness by police officers of prescription drug abuse and related fraud occurring within their jurisdiction.

Research revealed that law enforcement has recently come to understand that a large percentage of all drug abuse can be attributed to prescription drugs. It also revealed that prescription drug abuse exists in all levels of society, including the healthcare industry. In response, law enforcement agencies must increase training to the street officer and investigative personnel to improve detection and the investigation

of these offenses. They must also develop and promote strategies that involve coordination and cooperation with the healthcare industry in an effort to minimize the consequences of prescription drug abuse and fraud.

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INTRODUCTION

Prescription drug abuse and addiction has increased during the past few years (Wartell & Vigne, 2004). This increase in abuse and addiction has perpetuated the incidence of prescription drug fraud which, consequently, creates additional drug addiction. Drug addiction supports the monetary gain made from the unlawful sale of prescription drugs to addicts and the event of fraud achieved through the use of forged prescriptions and fraudulent claims submitted to health insurance agencies including Medicare/Medicaid. The cycle is self-perpetuating and, until recently, neither law enforcement nor healthcare administrators recognized the proliferation of this problem in the general public and healthcare institutions.

The purpose of this research is to describe the impact of prescription drug abuse on law enforcement, the healthcare community and society in general. Moreover, the research question to be examined focuses on whether or not most police officers, as well as law enforcement management, understand their local prescription drug fraud problem and how to effectively investigate such offenses.

The method of inquiry will be accomplished through a review of materials from the National Institute of Justice, the U.S. Department of Justice, magazines, newspaper articles, and professional journals. The researcher will also conduct a survey within a police department to measure the degree of knowledge that officers have concerning prescription drug abuse and fraud within their jurisdiction. Based upon the available research and the results of the survey questionnaire, the researcher expects to confirm that prescription drug abuse has become a significant problem as it relates to addiction and fraud. The research is further expected to demonstrate that prescription drug

abuse and fraud methods employed to attain prescription drugs has radiated through all levels of society, including some healthcare providers, and has created substantial fiscal loss to the healthcare community. It is further anticipated that the research will reveal that the problem has not been adequately addressed because police officers, as well as law enforcement management, are simply not aware of the extent that the problem exists in their jurisdiction. It is also believed that pharmacists and pharmacy technicians are not optimally trained on the problem of prescription drug fraud. These professionals are in a position that allows them to make a tremendous difference in understanding the scope of the situation.

The implications of this research will affect law enforcement officers and the public they serve. The researcher hopes to assist and educate law enforcement officers in identifying prescription drug fraud and diversion and illustrate the importance in fully understanding the problem. Despite the “difficulties in determining the scope of the problem of prescription fraud, it stands to reason that as the legitimate prescription drug market increases, prescription fraud will as well” (Wartell & Vigne, 2004, p. 2).

REVIEW OF LITERATURE

The largest motivation behind “prescription fraud is the increasing abuse and addiction to prescription drugs” (Wartell & Vigne, 2004, p. 4). Like all drug abuse, prescription drug fraud has a grave impact on individuals, businesses and the community at large. However, police officers, much “like the general public, do not believe prescription drugs are as addictive or as abused as common street drugs such as cocaine, methamphetamines or heroin” (Burke, 2004, p. 17). However,

approximately “30 percent of the drug abuse problem in the United States” can be linked to prescription drugs (Burke, 2004, p. 17).

There are many obstacles that confront law enforcement officers during the course of investigating prescription drug fraud cases. Officers are sometimes “highly intimidated by medical/healthcare professionals and are reluctant to learn an entirely new set of state criminal laws or regulatory procedures. Also, prescription drug fraud investigations often are more complicated and prolonged than many street drug investigations” (Burke, 2004, p.17). This idea is expressed by Albert MacKenzie with the Los Angeles County District Attorney’s office: “We have to have a more effective way of investigating and prosecuting these cases because the traditional methods of investigation and prosecuting these cases take years. By that time, the money is gone and the crooks are gone” (Kandel, 2005, p. 2).

The monetary cost alone inflicted upon society from prescription drug fraud is staggering. It is estimated that more than “one trillion dollars is spent on healthcare each year in the United States, roughly 15% of the gross national product” (National Institute of Justice, 1998, p. 1). Although it is not exactly clear how much of the annual health care expenditures are lost due to fraud or abuse, the U.S. Department of Health and Human Services and the National Institute of Justice estimates that losses “may exceed 10 percent of annual healthcare spending or 100 billion dollars per year” (National Institute of Justice, 1998, p. 1). Healthcare reform, in 1992, became a “matter of national debate, where prescription fraud was a major component” (National Institute of Justice, 1998, p. 1). In 1997, criminal convictions increased three times over the number of convictions in 1992 as a result of the creation of healthcare fraud special

investigative teams within the Federal Bureau of Investigation and the Drug Enforcement Administration (National Institute of Justice, 1998).

Prescription drug abuse pervades all levels of society as a result of addiction and desire for personal monetary gain. There are numerous documented cases and statistics illustrating the severity of this dilemma. For instance, in 2005, “a federal grand jury in the Miami-Dade county area returned an eighty four count indictment charging twenty nine defendants with conspiracy to possess Oxycodone with the intent to distribute, obtaining Oxycodone with fraudulent prescriptions” (States News Service, 2005, p. 1). In this case, public school employees were recruited to forge fraudulent prescriptions for the drugs and then sell it back to their co-defendant, a Miami-Dade County physician (States News Service, 2005).

As another example, a physician in Panama City, Florida was indicted on a laundry list of fraud and drug charges: 124 counts total. On December 13, 2006, this doctor and his office manager were charged for prescribing controlled substances such as Morphine, Percocet, and Oxycontin to known drug addicts and abusers, faking health care claims for patients who were never seen by the physician and for the death of two individuals who overdosed on the illegally prescribed drugs. The investigation disclosed that on some days, the physician had handed out as many as 1,000 pills per day (Federal Bureau of Investigations, 2007).

In Nevada, according to the Nevada Controlled Substance Abuse Prevention Task Force (2005), prescriptions for the most potent narcotics, Oxycodone and Hydrocodone, have risen 160% since 1997, while the number of patients flagged for potential prescription drug abuse grew more than 120% (as cited in Haynes, 2005).

Furthermore, hospital admissions for painkillers climbed 12% in 2003, and two of every three drug related deaths were linked to prescription drugs rather than street drugs (Haynes, 2005).

Investigations into prescription drug providers for federal employees have uncovered several major cases of fraud. The Inspector General with the Office of Personnel found a Washington state psychiatrist had over-prescribed Oxycodone and Hydrocodone to patients so he could keep some for himself. The report also indicated that a "Virginia doctor had overly prescribed similar, highly addictive painkillers to several of his patients, some of which had died from overdoses (Rutzick, 2006, p.1).

According to a study by the U.S. Department of Justice, Office of Community Oriented Policing Services, individuals commit the offense of prescription fraud in several ways. These include forging prescriptions, doctor shopping, or visiting several doctors to get multiple prescriptions, and altering prescriptions to increase the quantity. Burke (2004) stated, "Forged, altered and bogus prescriptions continue to be a popular source of diversion for the prescription drug abuser" (p. 20). Forgers typically use correction fluid to "white-out" the prescribed medication and then use a photocopier to reproduce what appears to be a new, blank prescription slip. The forger then writes an entirely new prescription. Forgers have also been known to use acetone to remove the ballpoint pen markings to "wash" the prescription slip. This technique leaves the doctor's signature on the original document (Burke, 2004). Other abusers, also referred to as "doctor shoppers" typically visit several doctors, including physicians, dentists, and veterinarians to obtain their prescriptions (Burke, 2004). Furthermore, physicians will intentionally engage in prescription drug fraud through improper prescribing. However,

according to the Federation of State Medical Boards, less than 1% of U.S. physicians are ever sanctioned for anything, not just improper prescribing.

According to Burke (2004), "Perhaps the most overlooked area of fraud is the diversion of prescription drugs from healthcare facilities, such as hospitals or nursing homes" (p. 22). The bulk of healthcare facility pharmaceutical fraud is committed by nursing personnel. Medical professionals realize there are substantial profits to be made by illegally selling prescriptions and pharmaceutical drugs at inflated prices (Beary, 1996).

According to the Drug Abuse Warning Network (DAWN), the abuser's leading choice of prescription drugs are pain relievers and tranquilizers like Vicodin, Lortab, and Lorcet. Burke (2004) stated, "Common addiction levels average 15 to 20 tablets a day. Some addicts have been known to take 75 to 100 tablets per day and sometimes combine these pain relievers with another drug known as Soma which is a muscle relaxant" (Burke, 2004, p. 17). Oxycodone (Percodan, Percocet, and Tylox) is yet another abused pain reliever, followed by Methodone and Duragesic (Fentanyl patches). Tranquilizers such as Xanax (Alrazolam), Valium (Diazepam), and Benzodiazepines are finding their way into middle and high schools, as they are generally used to treat anxiety and insomnia (Burke, 2004).

METHODOLOGY

The research question is whether or not most police officers, as well as law enforcement management, understand their local prescription drug fraud problem and how to effectively investigate such an offense. In response to this question, the researcher believes the results will reveal there is a lack of adequate awareness among

law enforcement officials regarding how to effectively identify prescription drug fraud and subsequently investigate it. Therefore, additional training programs are needed to alleviate this situation. The primary method of inquiry for this research was reviewing materials from the National Institute of Justice, the Drug Enforcement Administration, and the United States Department of Justice. Additionally, an in-depth review was conducted on various newspaper and magazine articles, professional journals, and Internet sources. The researcher also conducted a survey (see Appendix) directed towards police officers from his local jurisdiction.

This survey was designed to ascertain, in part, what knowledge street officers have regarding the topic and whether they believe prescription fraud is a significant problem in their jurisdiction. They were also asked whether they believe that additional training is necessary to help combat this problem. Of the 24 surveys submitted to various police officers, 20 were returned. This information was then analyzed, summarized, and submitted into the paper's findings. A comparison of the answers and data from each of the methods of inquiry was made to draw a conclusion.

FINDINGS

The survey submitted to police officers provided many helpful insights that coincide with the findings revealed in this research paper. It was found that 16 of 20 officers knew that 30% of the overall drug problem in the United States is attributed to prescription drugs. However, there was absolutely no consistency in knowledge as to what percentage of their local drug problem is attributed to prescription drugs. The opinions ranged anywhere from 10% to 60%. This wide variance is indicative of a lack of understanding their local prescription drug problem. Out of the 20 survey

respondents, all stated there was very little to no additional training provided within their department as to identifying and investigating prescription drug fraud. Seventeen out of 20 survey respondents indicated they believe additional training and education is necessary for this issue. Likewise, 17 out of 20 respondents either did not know or did not believe prescription drug abuse and fraud had been adequately addressed in their jurisdiction. Lastly, 17 of the 20 respondents revealed several shared reasons for this lack of training as well as the lack of the issue being adequately addressed in their local jurisdiction. It was most commonly believed that prescription drug investigations took a “back seat” to other investigations due to tight budgets, and they also commonly believed that the investigations were too complicated and time consuming. The next most commonly shared reasons included the fact that law enforcement officers do not perceive prescription drugs to be as addictive or as abused as street drugs, and law enforcement officers are simply unaware that the problem exists. These survey results indicated the common thread presented throughout this research endeavor.

DISCUSSION/CONCLUSIONS

Crime trends, along with the needs of society and other significant events, change the way law enforcement agencies operate today. As discussed, one of the most significant challenges facing law enforcement agencies is in the area of fraud, particularly, prescription drug fraud. The purpose of this research was to examine prescription drug fraud or diversion. The question sought to be answered during the research process was whether or not most police officers, as well as law enforcement management, understand their local prescription drug fraud problem and how to effectively investigate such an offense. The researcher believed a lack of adequate

awareness among law enforcement officials regarding how to effectively identify prescription drug fraud and subsequently investigation it would be disclosed through the research.

When considering all of the obstacles for law enforcement officers to deal with today, the researcher believes additional training is absolutely necessary for officers to identify and understand the problem completely. There are many key questions that must be evaluated and answered in order to effectively analyze the local problem and form a response strategy. These questions identify the types of victims stemming from prescription fraud, the offenders characteristics, and the locations and times these crimes are most likely to occur. Also, it is important to understand the types of prescription drugs that are being diverted in the local community. For instance, comprehensive training on the types of offenders will help law enforcement more effectively identify those involved in prescription drug fraud.

Research revealed that the most noticeable increases in prescription drug use have been among 12 to 25 year olds Wartell and Vigne (2004) claimed that "research shows that non-medical use of prescription drugs (mostly pain relievers such as Percodan and Vicodin) among youth is rising" (p. 6). Women are also "48% more likely than men to be prescribed an abusable drug that is addictive in nature" (Wartell & Vigne, 2004, p. 7). According to Wartell and Vigne (2004), "In San Diego, the typical prescription fraud offender is a middle-class woman, who often becomes addicted after being prescribed a pain reliever for a legitimate health problem" (p. 7). Older adults are also at risk of prescription drug abuse since they use such drugs at a much higher rate than that of the general population. Healthcare workers are also prone to engage in

prescription drug abuse and fraud by virtual accessibility to medications and prescription pads in their work environment. Wartell and Vigne (2004) explained that "Of the 250 felony arrests made by the Cincinnati Police Department's Drug Diversion Unit in 1999, almost one-third involved healthcare workers, including doctors, nurses and hospital workers" (p. 8).

A coordinated effort must be achieved to create the necessary cooperation and effective strategies among healthcare providers, pharmacies, pharmaceutical companies, and government regulators to improve methods of detection and prevention of prescription drug abuse and fraud. Communication is a key element. Police agencies should share information regarding prescription and fraud scams including known offenders with pharmacies and healthcare providers. If scam targets like emergency room doctors or pharmacists are informed, then "the offender's risk of being detected greatly increases" (Wartell & Vigne, 2004, p. 21). Police agencies should interrelate with the above mentioned healthcare entities in an effort to promote various strategies such as laws that would eliminate "doctor shopping," which allows abusers to obtain prescription drugs after making visits to several different doctors in one day or even a weeks time. Other strategies could include creating a prescription database accessible to all pharmacies rather than a few pharmacy chains that would track inordinate repeated issuances of prescription drugs to customers and laws limiting the distribution of specific drugs. For instance, "Florida and four other states limit OxyContin prescriptions to 120 pills per month per patient" (Wartell & Vigne, 2004, p. 30).

As hypothesized, the findings do support and illustrate a critical need for additional training and coordination among key stakeholders involved in this dilemma. The reality that all factors surrounding this subject have not been systematically studied proved to be a slight disadvantage during the research phase of this study due to a lack of hard, factual data. Furthermore, the findings gathered from the survey responses represent a very small geographical region. Hence, a survey submitted in a larger scale to cover many more jurisdictions would yield an even more accurate interpretation of the related findings.

This research project will provide law enforcement administrators with insight regarding the overall problem of prescription drug abuse and the challenges agencies face every day with this issue. It is also important that law enforcement professionals ensure controlled substances continue to be available for legitimate medical and scientific purposes, while preventing their diversion into the illicit market. Law enforcement "cannot change the fact that people will abuse and become addicted to prescription drugs, but they can use various strategies, in concert with other stakeholders to reduce and prevent prescription drug fraud in their jurisdiction" (Wartell & Vigne, 2004, p. 20).

When all the available methods to gain access to prescription drugs and the increased addiction to them are considered, it is understandable how prescription drug fraud has become such a widespread epidemic in this country. Law enforcement cannot solve this problem alone. Just like other drug abuse problems, it takes the entire community working together to resolve this nationwide issue.

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APPENDIX
LEMIT ARP Survey
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This survey is in response to an administrative research paper to be submitted to LEMIT regarding "Prescription Drug Abuse/Fraud – Understanding and Identifying the Problem."

1. What percentage do you estimate that prescription drug fraud or diversion (the illegal acquisition of prescription drugs for personal use or profit) represents in the overall drug problem in the United States?

- a) 10%
- b) 30%
- c) 50%
- d) 70%

2) What percentage of the overall drug problem in your jurisdiction do you estimate that prescription drug abuse/fraud represents?

3) What pharmaceutical drugs do you typically find, in your jurisdiction, to be abused or obtained by fraud by individuals under the age of 25?

4) What pharmaceutical drugs do you typically find, in your jurisdiction, to be abused or obtained by fraud by individuals over the age of 25?

5) What training does your department provide line officers in the understanding, identifying, and investigation of prescription drug abuse/fraud?

Do you believe that additional training/education is necessary?

- a) Yes
- b) No

6) Do you believe that prescription abuse/fraud has been adequately addressed in your jurisdiction?

- a) Yes
- b) No
- c) Unknown

7) If not, what do you consider to be the reason(s) that it has not been addressed adequately? (Check all that apply)

- a) Law enforcement officials are simply unaware that the problem exists.
- b) Law enforcement officials perceive prescription drugs are not as addictive or abused as common street drugs.
- c) Due to today's tight budgets, prescription drug investigations take a "back seat" from other investigations.
- d) Intimidation from health care professionals.
- e) The complicated investigations are often too time consuming.

8) Does your department utilize DRE's?

- a) Yes
- b) No

9) Within your jurisdiction, pharmaceutical abuse/fraud investigations are typically handled by:

- a) Criminal Investigations Division within the department
- b) Narcotics Division within the department
- c) DEA
- d) DPS Narcotics Service
- e) FBI
- f) County/State Special Task Force
- g) Texas State Board of Pharmacy
- h) Other _____

10. Comments/Suggestions:
