



DOL-OIG Highlights

May–June 2019

Significant Concern

The Office of Inspector General (OIG) identifies on an ongoing basis areas of significant concern that cause the U.S. Department of Labor (DOL) to be at particular risk of fraud, mismanagement, waste, deficiencies, or abuse. Below is one of our current concerns. Please visit our [Significant Concerns](#) page to learn about all DOL-OIG significant concerns.

Monitoring and Managing Pharmaceuticals in the FECA Program, Including Opioids

The OIG is concerned about the Department’s ability to effectively manage the use and cost of pharmaceuticals in the Federal Employees’ Compensation Act (FECA) program. While opioids comprised less than 20 percent of total pharmacy spend in FY 2018, the OIG’s data analysis shows that almost half of FECA’s monthly cases with pharmacy payments included opioid prescriptions. The prevalence of prescriptions for highly addictive opioids has the potential to lead to abuse. The Department needs to make certain it has controls in place to ensure that the treatment prescribed for FECA claimants is safe, effective, medically necessary, and the most cost effective. The Department also needs to develop quality information to help identify claimants at risk of dependence and the associated costs of addiction treatment.

The results of our improper-payment work show that the Department’s lack of comprehensive analysis of medical benefit payments in the FECA program allowed increases in billings for compounded drugs to go undetected. Given

Open Recommendations as of July 31, 2019

| | |
|------------------------------------|---|
| 235 Open Recommendations | \$177,678,389 Monetary Value of Recommendations |
|------------------------------------|---|

[Recommendation Dashboard](#)

the high risk of fraud related to prescription payments, the Department needs to conduct comprehensive analysis and monitoring of FECA program costs to promptly detect and address problems. For example, in one compounded drugs case alone, the OIG identified potential fraud of nearly \$158 million.

New Work Started

[Risk Assessment of the Department’s Charge Card Programs](#) (June 7, 2019)

[Audit of Wage and Hour Division Enforcement](#) (June 4, 2019)

[Audit of Unemployment Insurance Work Search Requirements](#) (May 23, 2019)

Reports Issued

Semiannual Report to the Congress and corresponding ***Highlights*** for [October 1, 2018, through March 31, 2019](#)

Reporting over the U.S. Department of Labor's FY 2018 Compliance with the Improper Payments Elimination and Recovery Act [Report No. 22-19-007-13-001](#) (June 3, 2019)

In an audit of DOL's compliance with the requirements contained in the Improper Payments Elimination and Recovery Act of 2010 (IPERA), it was determined that DOL met all of the six IPERA compliance requirements except one. DOL did not meet the requirement to report a gross improper payment rate of less than 10 percent for each program and activity for which an improper payment estimate was obtained and published in the Agency Finance Report.

OWCP Must Continue Strengthening Management of FECA Pharmaceuticals, Including Opioids [Report No. 03-19-002-04-431](#) (May 14, 2019)

We examined whether the Office of Workers' Compensation Programs (OWCP) effectively managed the use and cost of pharmaceuticals in the Federal Employees' Compensation Act (FECA) program. We found OWCP must continue to strengthen its management of the use and cost of pharmaceuticals in the FECA program. Our audit determined that OWCP's policy on opioids was too permissive, and OWCP had not developed sufficient controls to manage opioid addiction. [Video Summary](#)

OIG Investigations Newsletter Volume XXII [\(April 1–May 31, 2019\)](#)

Investigations

A Pennsylvania woman was sentenced in federal court to 18 months in prison and five years of supervised release for embezzling from an economic development organization that is primarily funded through grants from the U.S. Department of Labor. [\(USAO WD-PA 06/28/2019\)](#)

Leaders of the Brooklyn and Manhattan chapters of the United Brotherhood of Carpenters were charged in the rampant admissions-bribery scheme. [\(USAO SD-NY 06/27/2019\)](#)

A Stockton man was sentenced to six years and three months in prison for his role in a scheme to defraud the State of California Employment Development Department by filing fraudulent claims for unemployment insurance benefits. [\(USAO ED-CA 06/25/2019\)](#)

Seven Maryland residents were charged in connection with their alleged roles in a scheme to obtain unauthorized access to information from state government computers to sell this information to debt collectors. [\(USAO ND-NY 06/21/2019\)](#)

A Dominican national was sentenced to two years in prison and two years' supervised release for using a stolen identity to receive federally funded health benefits. [\(USAO D-MA 06/21/2019\)](#)

A Louisiana couple and their business pleaded guilty for their roles in a scheme to create, market, and operate a fraudulent medical reimbursement program that defrauded the IRS and program participants out of more than \$48 million. [\(DOJ 06/19/19\)](#)

A New York attorney was sentenced to 18 months in prison for obstructing a grand jury investigation by conspiring to alter, and altering, records responsive to a grand jury subpoena by removing the name of his client.

[\(USAO ED-NY 06/14/2019\)](#)

A Las Vegas woman was indicted for allegedly using more than 40 stolen identities to collect \$170,000 in fraudulent unemployment insurance benefits.

[\(USAO D-NV 06/06/2019\)](#)

A California man was charged for allegedly using more than 200 stolen identities to fraudulently collect nearly \$600,000 in unemployment insurance benefits from the California Employment Development Department.

[\(USAO CD-CA 05/31/2019\)](#)

Two Chicago women pleaded guilty for their roles in a scheme to defraud the U.S. Department of Labor Office of Workers' Compensation Programs of \$1.7 million by falsely billing for services on a 24-hour, seven-day-a-week basis for over seven years.

[\(USAO ND-IL 05/31/2019\)](#)

Two Florida construction company executives were sentenced to 51 and 41 months in prison for their roles in a scheme to defraud a low-income housing development program by falsifying certified payroll documents and violating the Davis-Bacon Act.

[\(USAO SD-FL 05/28/2019\)](#)

Five individuals were indicted for alleged conspiracy to commit forced labor, labor trafficking, and five additional labor-related offenses.

[\(USAO ED-WI 05/22/2019\)](#)

A former union manager pleaded guilty to defrauding and stealing from a large international labor union.

[\(USAO ED-VA 05/17/2019\)](#)



The Office of Inspector General serves the American workforce, the U.S. Department of Labor, and Congress by providing independent and objective oversight of departmental programs through audits and investigations, and by combating the influence of labor racketeering in the workplace.

Report Fraud, Waste, and Abuse to the OIG: www.oig.dol.gov