

PRESS RELEASE

# Physician and pharmacy settle claims for unnecessary medications

Monday, April 24, 2023

**For Immediate Release**

U.S. Attorney's Office, Southern District of Texas

HOUSTON – A 61-year-old doctor and a compounding pharmacy he operates paid the United States \$7,963,246 to resolve claims they improperly billed the Department of Labor, Office of Workers' Compensation Program (DOL-OWCP), announced U.S. Attorney Alamdar S. Hamdani.

Dr. Ajay Kumar Aggarwal and Medley Compounding Pharmacy LLC knowingly and willfully submitted, or caused the submission of, false claims to DOL-OWCP. The claims for payment were for compounding creams, gels and pain patches that were neither medically necessary nor medically beneficial to the patients. The investigation revealed DOL-OWCP beneficiaries were receiving excessive and unnecessary medication through the U.S. mail.

"It is particularly egregious when providers who participate in federally funded programs like OWCP violate their responsibility to the public to provide legitimate, necessary and safe treatment," said Hamdani. "We are not going to stand by when such people take advantage of federal employee health insurance programs and dispense unnecessary medications and services to the federal workforce. The significant penalty announced today is an example of that effort."

Aggarwal owned and operated A.A. Texas Anesthesiology Back Pain Center where he allegedly wrote and issued prescriptions for compound pain medications to injured federal employees with federal worker's compensation benefits. Medley filled the prescriptions.

Aggarwal's wife owned Medley on paper. Medley began billing DOL in 2013, a year after it opened.

The investigation began when an individual employed at Medley filed a *qui tam* aka whistleblower lawsuit under seal Oct. 10, 2017. During his term of employment, the

whistleblower allegedly witnessed patients being sent unnecessary, unwanted medications through the United States mail despite the fact they did not need and could not benefit from the medications. In a few instances, patients did not see, or ever meet, Aggarwal. Medley employees were allegedly instructed to auto-fill medications on a monthly basis and to use pre-printed prescription pads to submit the prescriptions to DOL-OWCP without consideration of medical need.

"This settlement is a testament to the dedication and determination of the investigative and legal teams," said Special Agent in Charge Jonathan Ulrich, U.S. Postal Service - Office of Inspector General (USPS-OIG). "USPS-OIG, along with our law enforcement partners, will continue to vigorously investigate these types of cases in order to root out fraud, waste and abuse."

"Protecting the integrity of the programs administered by OWCP is an important part of the mission of DOL-OIG. We will continue to work with OWCP and the Department of Justice to vigorously pursue allegations of fraud involving these programs," said Special Agent-in-Charge Steven Grell, Central Region, DOL-OIG.

Under the False Claims Act, a private party known as a relator can file an action on behalf of the United States and receive a portion of the recovery. In this case, the relator will receive a total of \$1,353,752.

DOL-OIG and USPS-OIG conducted the investigation. Assistant U.S. Attorney Jill O. Venezia handled the matter.

*Updated April 24, 2023*

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**Topic**

**HEALTH CARE FRAUD**

**Component**

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