



THE UNITED STATES ATTORNEY'S OFFICE

DISTRICT of MARYLAND

Pharmacy Store Employee Sentenced To Prison For Scheme To Defraud Health Care Benefit Programs

Loss to Insurance Programs of More Than \$2.5 Million

FOR IMMEDIATE RELEASE

January 15 2014

Baltimore, Maryland - U.S. District Judge George L. Russell III sentenced Jigar Patel, age 27, of Columbia, Maryland, today to 13 months in prison, followed by three years of supervised release, for a scheme to defraud Medicaid, Medicare and the Federal Employees Health Benefits Program by submitting false claims for prescription refills. As a result of the scheme, the loss to the health care benefit programs to date is between \$2.5 million and \$7 million. Judge Russell ordered Jigar Patel to pay restitution of \$102,066.25.

The sentence was announced by United States Attorney for the District of Maryland Rod J. Rosenstein; Maryland Attorney General Brian E. Frosh; Special Agent in Charge Stephen E. Vogt of the Federal Bureau of Investigation; Special Agent in Charge Nicholas DiGiulio, Office of Investigations, Office of Inspector General of the Department of Health and Human Services; and Special Agent in Charge Robert Craig of the Defense Criminal Investigative Service - Mid-Atlantic Field Office.

Jigar Patel was a citizen of, and a licensed pharmacist in India, working in the United States under an H1-B visa, a temporary visa issued to persons in certain specialty occupations. Jigar Patel was hired as a pharmacy technician in 2010, by Reddy Vijay Annappareddy, the owner of Pharmacare, LLC, who agreed to sponsor his work permit.

According to his plea agreement, Patel held the position of lead pharmacy technician, starting at \$10/hour and eventually becoming a salaried employee, making approximately \$1,400 biweekly. In addition, Patel was provided with housing and transportation, making his total salary and benefits between \$70,000 and \$120,000. The value of the housing and transportation benefits were not disclosed on Patel's income tax returns.

Patel admitted that he billed insurance programs for prescription refills when the pharmacy customers had not requested the refill. As soon as a prescription was eligible for refill, Patel would cause a false claim to be electronically submitted to a health care benefit program. These refills were often billed and filled without the customer's knowledge. The medications targeted for automatic refills were typically expensive HIV and cancer medications used by very ill customers. The claims for payment were not reversed when the customers did not receive the medications, which the customers had not requested in the first place. Patel also knew that medications filled but not delivered to the customer – usually because the customer had not requested the refill – were placed back on the shelves at the pharmacy to be re-used to fill other prescriptions.

For example, Patel submitted false claims for prescriptions in the name of a Pharmacare customer. When the customer complained to Patel that Pharmacare was billing for refills that she received from her mail order pharmacy, Patel sent an email to Annappareddy documenting the fact that Pharmcare was billing and not reversing "high dollar" prescriptions in order to increase the volume of business at Pharmacare. Patel also asked Annappareddy for guidance on how to handle the customer's complaint. In the same time frame, Patel asked Annappareddy for a "bonus" for his "work performance" in order to "solve some of my financial problems" because he "fulfill[ed]" Annappareddy's requirements to "grow" Pharmacare's business.

In August 2013, a federal search warrant was executed at a then vacant home that was used by Annappareddy to house Pharmacare employees, and in which Patel previously resided. During the search, federal agents recovered undelivered medications worth approximately \$87,749.48, as well as binders of alphabetically arranged signature logs which purported to confirm the delivery of medication to Pharmacare customers. However, the signature pages were undated and contained only the customer's name and signature. Many of the undelivered medications found at the home were actually billed and filled by Jigar Patel in his capacity as pharmacy technician.

Patel did not receive the profits from the fraud scheme directly, but was able to keep his job at Pharmacare and lawfully remain in the United States on an H1-B visa.

Reddy Vijay Annappareddy, age 46, of Fallston, Maryland, was convicted on December 15, 2014, after a five week trial, on charges of health care fraud and aggravated identity theft in connection with the scheme. Annappareddy faces a maximum sentence of 10 years in prison for health care fraud and a mandatory minimum of two years in prison, consecutive to any other sentence imposed, for aggravated identity theft, plus a \$250,000 fine. Judge Russell has scheduled sentencing for Annappareddy on March 11, 2015, at 11:00 a.m.

Additionally, Vipinkumar Patel, age 31, of Edgewood, Maryland, Ram Guruvareddy, age 59, of Belcamp, Maryland, and Venkata Srinivas Mannava, age 45, of Hyattsville, Maryland, pled guilty to their roles in the scheme, and testified at the trial to their knowledge of the scheme. Judge Russell sentenced Guruvareddy to five years probation and ordered him to pay a fine of \$20,000. Vipinkumar Patel and Mannava are scheduled to be sentenced on April 10, 2015 at 11:00 a.m. and January 22, 2015 at 10:00 a.m., respectively.

United States Attorney Rod J. Rosenstein praised the Medicaid Fraud Control Unit of the Maryland Office of the Attorney General, FBI, OPM-OIG, HHS - OIG and DCIS for their work in the investigation. Mr. Rosenstein thanked Assistant United States Attorney Sandra Wilkinson and Special Assistant United States Attorney Catherine Pascale of the Medicaid Fraud Control Unit of the Maryland Office of the Attorney General, who prosecuted the case.