



THE UNITED STATES ATTORNEY'S OFFICE

DISTRICT OF MARYLAND

## **Federal Jury Convicts Pharmacy Store Owner Of Health Care Fraud And Identity Theft**

*Insurance Companies Fraudulently Billed \$2.5 Million for Prescription Refills Which Customers Had Not Requested*

FOR IMMEDIATE RELEASE

December 15 2014

Baltimore, Maryland - A federal jury has convicted Reddy Vijay Annappareddy, age 46, of Fallston, Maryland, of health care fraud and aggravated identity theft in connection with a scheme to defraud Medicaid and Medicare by submitting false claims for prescription refills.

The conviction was announced by United States Attorney for the District of Maryland Rod J. Rosenstein; Maryland Attorney General Douglas F. Gansler; 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.

Annappareddy owns Pharmacare, LLC and Caremerica, LLC, a pharmacy store chain doing business in Maryland and elsewhere. Annappareddy hired co-defendants Vipinkumar Patel (V. Patel) and Jigar Patel (J. Patel) as pharmacy technicians in 2009 and 2010, respectively, at Pharmacare located at 208 Plumtree Road; and at Caremerica located at 2227 Old Emmorton Road, both in Bel Air, Maryland. The Patels were citizens of, and licensed pharmacists in India, working in the United States under a temporary visa issued to individuals in certain specialty occupations. Annappareddy agreed to sponsor their work permits.

According to evidence presented during the five week trial, from at least 2007 to July 2013, Annappareddy and the Patels billed insurance programs for prescription refills when the pharmacy customers had not requested the refill. As soon as a prescription was eligible for refill, Annappareddy and his conspirators would cause a false claim to be electronically submitted to a health care benefit program, such as Medicare and Medicaid. These refills were often billed and filled without the customer's knowledge. They used the actual name and insurance and identification number of hundreds of customers. 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. Annappareddy 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.

Six federal search warrants were executed in July 2013, as well as Annappareddy's residence, several pharmacies and a corporate office in Maryland.

In August 2013, a federal search warrant was executed at a vacant home in Annappareddy's wife's name that was used to house Pharmacare employees. Federal agents recovered undelivered medications worth over \$100,000, 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 the Patels in their capacity as pharmacy technicians, and some were billed by Annappareddy as the pharmacist.

The loss to the government insurance programs is at least \$2.5 million.

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 sentence imposed for aggravated identity theft, plus a \$250,000 fine. U.S. District Judge George L. Russell III scheduled sentencing for March 11, 2015, at 11 a.m.

Vipinkumar Patel, age 31, of Edgewood, Maryland; and Jigar Patel, age 28, of Columbia, Maryland, previously pleaded guilty to making false statements relating to health care matters in connection with the scheme. Sentencing is scheduled for Vipinkumar Patel and Jigar Patel on January 15, 2015.

Additionally, Ram Guruvareddy, age 59, of Belcamp, Maryland and Venkata Srinivas Mannava, age 45, of Hyattsville, Maryland, also pled guilty to their roles in the scheme, and testified at the trial to their knowledge of the scheme.

United States Attorney Rod J. Rosenstein praised the Medicaid Fraud and Control Unit of the Office of the Maryland Attorney General, FBI, HHS – OIG, Defense Criminal Investigative Service, and Office of Personnel Management, Office of Inspector General for their work in the investigation. Mr. Rosenstein thanked Assistant United States Attorneys Sandra Wilkinson and Special Assistant United States Attorney Catherine Pascale of the Medicaid Fraud Control Unit of the Maryland Attorney General's Office, who are prosecuting the case.