

**Department of Justice**

U.S. Attorney's Office

District of New Jersey

FOR IMMEDIATE RELEASE

Thursday, March 17, 2022

**Former Owner of New Jersey Marketing Company Admits Role in \$6 Million Compounded Prescription Drug Scheme**

NEWARK, N.J. – The former owner of a New Jersey marketing company admitted his role in a scheme to defraud public and private health benefits programs of over \$6 million for the billing of medically unnecessary compounded prescriptions, U.S. Attorney Philip R. Sellinger announced today.

Michael Drobish, 43, of Cedar Grove, New Jersey, pleaded guilty by videoconference before U.S. District Judge John Michael Vazquez on March 16, 2022, to an information charging him with conspiracy to commit health care fraud.

According to documents filed in this case and statements made in court:

Compounding is a practice in which a pharmacist or physician combines, mixes, or alters ingredients of a drug to create a medication tailored to the needs of an individual patient. The Food and Drug Administration does not approve compounded drugs and thus does not verify the safety, potency, effectiveness, or manufacturing quality of compounded drugs. Generally, a physician may prescribe compounded drugs when an FDA-approved drug does not meet the health needs of a particular patient.

Between April 2014 and January 2017, Drobish conspired with others to submit fraudulent prescriptions for compounded medications to public and private insurance plans. The scheme centered on the discovery that certain insurance plans paid for prescription compounded medications – including scar creams, wound creams, and metabolic supplements/vitamins – at exorbitant reimbursement rates.

Drobish hired sales representatives through his marketing company to target individuals who had insurance plans that covered compounded medications. The sales representatives then convinced those individuals to obtain prescriptions for compounded medications, regardless of medical necessity, often by providing them with cash payments. The individuals were then directed to certain telemedicine companies, which the marketing company or its affiliates paid to issue the prescriptions. The prescribing physicians at the telemedicine companies would then write the prescriptions without performing any examination or after deliberately conducting cursory examinations that were insufficient to legitimately deem a compounded drug medically necessary.

Once the prescriptions were written, they were filled by certain compounding pharmacies with which Drobish conspired. The compounding pharmacies would then receive reimbursement from the insurance plans, and would pay Drobish's marketing company a percentage of the reimbursement amount. Drobish would retain a portion of the payment and provide a "commission" payment to the relevant sales representative.

The conspiracy to commit health care fraud charge carries a maximum penalty of 10 years in prison and a \$250,000 fine, or twice the gain or loss from the offense. As part of his plea agreement, Drobish must forfeit \$532,650 in criminal proceeds and pay restitution of at least \$6.1 million. Sentencing is scheduled for July 19, 2022.

U.S. Attorney Sellinger credited special agents of the FBI, under the direction of Special Agent in Charge George M. Crouch Jr., and the U.S. Department of Defense Office of Inspector General, Defense Criminal Investigative Service, under the direction of Special Agent in Charge Patrick J. Hegarty, with the investigation leading to today's guilty plea.

The government is represented by Assistant U.S. Attorney Adam Baker of the U.S. Attorney's Office, Opioid Abuse Prevention and Enforcement Unit in Newark.

**Attachment(s):**[Download Drobish.Information.pdf](#)**Topic(s):**

Health Care Fraud

**Component(s):**

USAO - New Jersey

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