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CENTRAL DISTRICT *of* CALIFORNIA

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Department of Justice
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Central District of California

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Orange County Pharmacist Found Guilty of 22 Felonies for Her Role in \$11 Million Scheme to Defraud the U.S. Military's Health Care Plan

LOS ANGELES – A licensed Orange County pharmacist has been found guilty by a jury of nearly two dozen federal criminal charges for her role in a health care fraud scheme in which more than 1,000 bogus prescriptions for compounded medications were filled, costing Tricare, the U.S. military's health care plan, more than \$11 million in losses, the Justice Department announced today.

Sandy Mai Trang Nguyen, 42, of Irvine, was found guilty Tuesday afternoon of 21 counts of health care fraud, and one count of obstruction of a federal audit.

Compounded drugs are tailor-made products doctors may prescribe when the Food and Drug Administration-approved alternative does not meet the health needs of a patient.

According to evidence presented at her five-day trial, Nguyen was the pharmacist-in-charge of the now-defunct Irvine Wellness Pharmacy in Irvine. From late 2014 to May 2015, Nguyen and others under her supervision filled approximately 1,150 compounded prescriptions for pain, scarring and migraines that Tricare reimbursed for tens of thousands of dollars per prescription. Nearly all of the prescriptions were sent to the pharmacy by so-called marketers who were paid kickbacks of upwards of 50% of the Tricare reimbursements.

The beneficiaries were solicited to provide their Tricare insurance information for medications they did not seek out or need, and most were never examined by a physician. The prescriptions were electronically sent from marketers or telemedicine businesses and submitted by the pharmacy for reimbursement even though Tricare rules excluded reimbursements for claims based on telemedicine visits and would not, in any event, have been authorized had Tricare known the prescriptions originated based upon the payment of kickbacks.

Nguyen was aware that the prescriptions were purportedly written by physicians in states other than where the beneficiaries lived, multiple members of the same families received the same medications, and the same prescriptions were written for members of different patient populations, including a 13-year-old boy in Chicago who got the same prescription as an 86-year-old woman in Orange County who happened to be Nguyen's grandmother.

The pharmacy invoiced the beneficiaries to pay hundreds of dollars in required co-payments, but the beneficiaries stated that they knew nothing about co-payments and understood that the medications were fully covered by Tricare, according to trial testimony. The total co-payments due during the scheme exceeded \$16,000, but the pharmacy never collected them.

Nguyen also obstructed a federal audit by providing bogus, cut-and-pasted prescriptions to cover-up Tricare's effort to validate millions of dollars paid for the same prescriptions.

During Nguyen's tenure as pharmacist-in-charge, Tricare paid \$11,098,756 on the fraudulently submitted claims.

United States District Judge Otis D. Wright II scheduled an April 3, 2023 sentencing hearing, at which time Nguyen will face a statutory maximum sentence of 10 years in federal prison for each health care fraud count, and five years in federal prison for the audit obstruction count.

The Department of Defense, Office of Inspector General; the Defense Criminal Investigative Service; the FBI; the Amtrak Office of Inspector General; IRS Criminal Investigation; the United States Department of Labor – Employee Benefits Security Administration; the California Department of Insurance; and the Office of Personnel Management, Office of Inspector General investigated this matter.

Assistant United States Attorneys Mark R. Aveis and Ali Moghaddas of the Major Frauds Section are prosecuting this case.

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