

Department of Justice  
U.S. Attorney's Office  
Northern District of Oklahoma

---

FOR IMMEDIATE RELEASE

March 18, 2019

## **U.S. Attorney's Office Continues to Recoup Costs Incurred from Illegal Kickbacks**

### **Two More Oklahoma Doctors Have Entered into Settlement Agreements**

Two more doctors in northeastern Oklahoma have entered into settlement agreements with the U.S. Attorney's Office for allegedly accepting illegal kickback payments from OK Compounding, LLC, announced U.S. Attorney Trent Shores. These civil settlements resulted from an investigation into numerous health care providers writing prescriptions for pain creams compounded and sold by OK Compounding in return for payments.

"These greedy medical professionals are a major disappointment. Patients expect doctors to uphold strict ethical standards and place patient care above their own financial motives," said U.S. Attorney Shores. "My office will use every tool at our disposal to remind corrupt physicians that the health of their patients is not for sale and that government health care programs are not free to plunder."

In one recent settlement, Dr. Mary Johnson, 44, a podiatrist practicing in Claremore, agreed to pay the government more than \$76,000 for allegedly accepting illegal kickback payments from OK Compounding in 2013.

In a separate settlement, Dr. Jeff Halsell, 50, a doctor of osteopathic medicine practicing in Tulsa, agreed to pay the government more than \$52,000 for allegedly accepting illegal kickback payments from the pharmacy from January to July of 2013.

The settlement agreements resolve allegations that Johnson and Halsell had illegal financial relationships with OK Compounding, concerning pain creams.

Compounding prescriptions is a practice in which a pharmacist or physician combines, mixes or alters ingredients of a drug or multiple drugs to create a medication that is tailored to the specific

needs of a patient. These medications are prescribed when standard Food and Drug Administration (FDA) approved drugs are unsuitable for the patient. They are also more expensive and reimbursed at a far higher rate by federal and private insurance companies.

Compounded drugs are not to be mixed or marketed in bulk. OK Compounding provided physicians with pre-printed prescription pads that listed compounding formula choices. Participating physicians would allegedly check a box with their preferred selection and then fax it directly to the associated pharmacies, rather than writing a prescription tailored to the patient who could then take it to a pharmacy of their choice.

Johnson and Halsell, prescribed these pain creams for their patients, and in so doing, facilitated the sale and distribution of pain creams by OK Compounding. As compensation for their services, the pharmacy paid Johnson and Halsell what was characterized by the parties as medical director fees based upon an hourly rate. However, the payments the doctors received from OK Compounding were, in actuality, “kickbacks” and in violation of the False Claims Act, 31 U.S.C. §3729 et seq, due to the fact that some patients were insured by the Medicare and TRICARE federal health care programs.

Medicare is a federal government health insurance generally reserved for people who qualify due to age or disability. TRICARE is the health care program of the United States Department of Defense Military Health System for military service members and retirees. It is illegal to pay or receive “kickbacks” in conjunction with federal healthcare insurance.

Prohibitions against kickbacks are crucial to ensure that financial motives do not undermine the integrity of the medical judgment of physicians and other health care providers. The civil False Claims Act is an important tool used to protect the integrity of taxpayer-funded health care programs against health care providers.

This matter was handled by Assistant U.S. Attorney Marianne Hardcastle with the Affirmative Civil Enforcement unit and is the product of the collaborative investigative efforts of the Defense Criminal Investigative Service, Department of Labor–Office of Inspector General (OIG), IRS–Criminal Investigation, U.S. Postal Service–OIG, FBI, Department of Veterans Affairs–OIG and the Department of Health and Human Services–OIG.

The claims resolved by the settlement are allegations only; there has been no determination of liability.

###