UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

UNITED STATES OF AMERICA	*	**CRIMINAL NO. 19-71**
v.	*	**SECTION: H**
ANIL PRASAD, M.D.	*	

* * *

FACTUAL BASIS

The defendant, **ANIL PRASAD, M.D.**, (hereinafter, the "defendant" or "**PRASAD**"), has agreed to enter a plea of guilty pursuant to a plea agreement. **PRASAD** has agreed to plead guilty to a conspiracy to distribute controlled substances in violation of Title 21, United States Code, Sections 841(a)(1), 841(b)(1)(C), and 846, and conspiracy to commit health care fraud in violation of Title 18, United States Code, Sections 1349 and 1347.

Should this matter have proceeded to trial, both the Government and the defendant do hereby stipulate and agree that the following facts set forth a sufficient factual basis for the crimes to which the defendant is pleading guilty. The Government and the defendant further stipulate that the Government would have proven, through the introduction of credible testimony from witnesses and from the Special Agents and forensic examiners from the Federal Bureau of Investigation and United States Department of Health and Human Services – Office of Inspector General, and admissible, tangible exhibits, the following facts, beyond a reasonable doubt, to support the allegations in the Bill of Information now pending against the defendant. Unless stated otherwise, the following acts occurred within the jurisdiction of the Eastern District of Louisiana.

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PRASAD was a medical doctor specializing in the field of neurology who has been licensed to practice medicine in the State of Louisiana since 1994. **PRASAD** had a DEA Registration Number authorizing him to prescribe schedule II through V controlled substances in the State of Louisiana. Between November 2016 and July 2018, **PRASAD** worked at Medical Clinic 1, which was a Louisiana corporation located in Slidell, Louisiana that ostensibly served as a pain management clinic that employed physicians to render purported pain management health care services to patients, including the prescription of controlled substances to manage pain.

Background

I. Unlawful Prescriptions for Controlled Substances

The Controlled Substances Act ("CSA"), Title 21, United States Code, Section 801, *et seq*., and its implementing regulations set forth which drugs and other substances are defined by law as "controlled substances." Those controlled substances are then assigned to one of five schedules – Schedule I, II, III, IV, or V – depending on their potential for abuse, likelihood of physical or psychological dependency, accepted medical use, and accepted safety for use under medical supervision. A substance listed on Schedule I has a higher abuse potential than a substance on Schedule II. The abuse potential decreases as the Schedule numbers increase.

a. Schedule I drugs or substances have no currently accepted medical use and have a high potential for abuse. They are the most dangerous drugs of all the drug schedules with potentially severe psychological or physical dependence. Schedule I drugs cannot legally be prescribed. Examples of Schedule I drugs include heroin and ecstasy.

b. Schedule II drugs or substances have some accepted medical use, but with severe restrictions, and have a high potential for abuse, with use potentially leading to

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severe psychological or physical dependence. These drugs are also considered dangerous, and abuse can lead to addiction, overdose, and sometimes death.

c. Schedule III drugs or substances have a moderate to low potential for physical psychological dependence, less than Schedule II drugs and more than Schedule IV drugs. An example of a Schedule III drug is ketamine.

d. Schedule IV drugs or substances have a low potential for abuse and low risk of dependence. Examples of Schedule IV drugs are Xanax and Soma.

e. Schedule V drugs or substances have a lower potential for abuse than Schedule IV and consist of preparations containing limited quantities of certain narcotics. An example of a Schedule V drug is Lyrica.

Oxycodone and hydrocodone are classified as Schedule II controlled substances. Oxycodone is also the generic name for a highly addictive prescription analgesic. The use of oxycodone and hydrocodone in any form can lead to physical and/or psychological dependence, and abuse of the drug may result in addiction.

Title 21, Code of Federal Regulations, Section 1306.04(a) states that a valid prescription for a controlled substance must be issued for a legitimate medical purpose by an individual practitioner acting in the usual course of his professional practice. A prescription not issued in the usual course of professional practice, or in legitimate and authorized research, is not a prescription within the meaning and intent of Section 309 of the CSA (21 U.S.C. § 829), and the person knowingly issuing it shall be subject to the penalties provided for violations of the provisions of law relating to controlled substances.

II. Health Care Fraud

The Medicare program is a "health care benefit program" as defined by Title 18, United

States Code, Section 24(b) in that it provides health care services, including for prescription medications. Individuals are eligible for Medicare benefits if they are 65 or older, have certain disabilities, or have end-stage renal disease. The Medicare program is funded and administered by the U.S. Department of Health and Human Services through its agency, the Centers for Medicare and Medicaid Services ("CMS"). Individuals who received benefits were referred to as Medicare "beneficiaries."

Medicare Part D is a federal program enacted as part of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective 2006, to subsidize the costs of prescriptions drugs for Medicare beneficiaries. Individuals are eligible for prescription drug coverage under a Part D plan if they are entitled to benefits under Medicare Part D and/or enrolled in Part B. Beneficiaries can obtain the Part D drug benefit plan through two types of private plans: they can join a Prescription Drug Plan (PDP) for drug coverage only or they can join a Medicare Advantage plan that covers both medical services and prescription drugs.

Furthermore, the Louisiana Medicaid Program is a "health care benefit program" as defined by Title 18, United States Code, Section 24(b), in that it provides payment for health care services on behalf of eligible low-income individuals with limited income and persons with medical disabilities. The Louisiana Medicaid Program is jointly funded by the U.S. Department of Health and Human Services and the State of Louisiana, and managed by the Louisiana Department of Health and Hospitals. Individuals who received benefits under Medicaid were referred to as Medicaid "members."

Neither Medicare nor Medicaid would reimburse a prescription for a controlled substance that was issued by a prescriber outside the scope of professional practice and for no legitimate medical purpose.

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Conspiracy to Unlawfully Distribute and Dispense Controlled Substances Outside the Course of Professional Practice And For No Legitimate Medical Purpose

Medical Clinic 1 purported to provide pain management services to patients; however, it was, in essence, a "pill mill," or a clinic where drug seekers and drug abusers obtained prescriptions for oxycodone, hydrocodone, and other controlled substances without a legitimate medical purpose. Medical Clinic 1 was a "cash only" clinic and required patients to affirmatively sign opt-out forms so that they would not use insurance benefits to pay for visits. Between November 2016 and July 2018, while working at Medical Clinic 1, **PRASAD** wrote multiple prescriptions for Schedule II controlled substances, including oxycodone and hydrocodone, without performing contemporaneous patient examinations.

Co-Conspirator 1 was the owner and operator of Medical Clinic 1 who hired **PRASAD** to work at Medical Clinic 1 as a physician to treat chronic pain patients. Co-conspirator 1 paid **PRASAD** a bi-weekly salary of $2,050. Prior to **PRASAD** working at Medical Clinic 1, Co-conspirator 1 purportedly worked as a physician treating chronic pain patients at Medical Clinic 1 and prescribed patients there controlled substances, including oxycodone and hydrocodone. Co-conspirator 1 told **PRASAD** to continue prescribing the same controlled substances to these patients after **PRASAD** began working at Medical Clinic 1. Co-conspirator 1 also instructed **PRASAD** that he could pre-sign prescriptions for controlled substances, including oxycodone and hydrocodone, for patients at Medical Clinic 1. **PRASAD** continued to prescribe the same controlled substances that Co-conspirator 1 had prescribed while working at Medical Clinic 1. Further, **PRASAD** authorized unlawful prescriptions for controlled substances to certain patients despite **PRASAD'S** concerns and obvious indications that such patients were likely misusing the controlled substances he prescribed.

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While **PRASAD** worked at Medical Clinic 1, Co-conspirator 1 knew that **PRASAD**, acting at Co-conspirator 1's direction, was pre-signing prescriptions for controlled substances at Medical Clinic 1. Indeed, after a brief period of time, **PRASAD** stopped performing patient examinations at Medical Clinic 1 and began pre-signing prescriptions for oxycodone and hydrocodone for patients who had pre-scheduled appointments at Medical Clinic 1. In certain circumstances, **PRASAD** would pre-sign blank prescriptions that would be filled out later to include controlled substances. Additionally, when patients arrived at Medical Clinic 1 on the date of his or her scheduled appointment, patients who received prescriptions for controlled substances did not have a face-to-face examination with **PRASAD**. Instead, the patient would arrive at the clinic, pay a cash fee to Medical Clinic 1, briefly meet with a nurse practitioner who was not authorized to treat chronic pain patients for approximately five minutes, and then pick up the pre-signed prescription for controlled substances that **PRASAD** had already authorized from an employee at Medical Clinic 1.

PRASAD took international trips and pre-signed prescriptions for oxycodone and hydrocodone for patients who then picked up those prescriptions while **PRASAD** was out of the country. **PRASAD** did not perform any examination of patients who received the pre-signed prescriptions for oxycodone and hydrocodone on dates when he was out of the country. In other words, **PRASAD** pre-signed prescriptions for controlled substances for oxycodone and hydrocodone without determining whether a sufficient medical necessity existed for those controlled substances. **PRASAD** breached the standard of care by pre-signing these prescriptions without performing any patient examinations contemporaneously with when the patient picked up the prescription, including by failing to actually examine the patient, failing to document the patient visit, failing to attempt treatment other than through prescribing opioid medications, and

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failing to adequately assess the risks/benefits of opioid treatment or to monitor compliance with such treatment.

Between May 24, 2018 and June 2, 2018, **PRASAD** was travelling internationally. During that time period when **PRASAD** was out of the country, he wrote prescriptions for oxycodone and hydrocodone for patients at Medical Clinic 1. **PRASAD** did not examine any of these patients who received these prescriptions during this time period to determine whether these prescriptions were medically necessary.

Additionally, between December 23, 2017 and January 3, 2018, **PRASAD** was travelling internationally. During that time period when **PRASAD** was out of the country, he wrote prescriptions for oxycodone and hydrocodone for patients at Medical Clinic 1. **PRASAD** did not examine any of these patients who received these prescriptions during this time period to determine whether these prescriptions were medically necessary.

Further, between December 23, 2016 and January 4, 2017, **PRASAD** was travelling internationally. During that time period when **PRASAD** was out of the country, he wrote prescriptions for oxycodone and hydrocodone for patients at Medical Clinic 1. **PRASAD** did not examine any of these patients who received these prescriptions during this time period to determine whether these prescriptions were medically necessary.

The parties agree and stipulate that for purposes of sentencing only, **PRASAD** is responsible for approximately 89,975 mg (or 89.975 grams) of oxycodone and 18,650 mg (18.65 grams) of hydrocodone through his own conduct and the reasonably foreseeable conduct of his co-conspirators. These amounts account for the aforementioned prescriptions that **PRASAD** authorized on dates while he was out of the country. **PRASAD** agrees that these prescriptions for oxycodone and hydrocodone were outside the scope of professional practice and were not for a

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legitimate medical purpose.

Conspiracy to Commit Health Care Fraud

Many of the patients at Medical Clinic 1 received health insurance benefits from Medicare and/or Medicaid, including coverage for prescription drugs. These Medicare beneficiaries and Medicaid members were able to fill prescriptions for medically unnecessary controlled substances that **PRASAD** authorized using Medicare or Medicaid benefits with little or no out-of-pocket expenses. Although Medical Clinic 1 was a cash-only clinic that did not accept Medicare or Medicaid for patient visits, **PRASAD** knew that certain Medicare beneficiaries and Medicaid members used their insurance benefits to fill medically unnecessary prescriptions for controlled substances that **PRASAD** authorized.

On certain occasions, the pharmacies where Medicare beneficiaries and Medicaid members attempted to use their insurance benefits to fill prescriptions written by **PRASAD** contacted Medical Clinic 1 and requested an authorization from **PRASAD** to fill the prescription. On additional occasions, those pharmacies sent paperwork to Medical Clinic 1 at **PRASAD'S** attention requesting an authorization to fill a prescription for a controlled substance that **PRASAD** authorized. In addition to receiving requests for authorizations, patient files onsite at Medical Clinic 1 indicated that the patients had insurance coverage.

In sum, **PRASAD** knew that issuing medically unnecessary prescriptions for controlled substances would, on occasion, cause health care benefit programs, namely Medicare and Medicaid, to be billed for medically unnecessary treatment, namely unnecessary prescriptions for various controlled substances. In total, as a result of **PRASAD'S** knowing and fraudulent misrepresentations (*i.e.*, issuance of prescriptions for controlled substances that he knew were medically unnecessary), between November 2016 and July 2018, Medicare paid approximately

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$593,596.04, and Medicaid paid approximately $1,063,865.11 for prescriptions for controlled substances that **PRASAD** authorized that were medically unnecessary.

Limited Nature of Factual Basis

This proffer of evidence is not intended to constitute a complete statement of all facts known by **PRASAD**, and/or the government, and it is not a complete statement of all facts described by **PRASAD** to the Government. Rather, it is a minimum statement of facts intended to prove the necessary factual predicate for his guilty plea. The limited purpose of this proffer is to demonstrate that there exists a sufficient legal basis for the pleas of guilty to the charged offenses by **PRASAD**.

The above facts come from an investigation conducted by, and would be proven at trial by credible testimony from, *inter alia*, Special Agents and forensic examiners from the Federal Bureau of Investigation and the United States Department of Health and Human Services – Office of the Inspector General, and admissible tangible exhibits in the custody of the FBI and HHS.

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READ AND APPROVED:

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JARED L. HASTEN
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