

**OIG** Office of the Inspector General  
SOCIAL SECURITY ADMINISTRATION


MEMORANDUM

Date: December 28, 2017

Refer To: CC170778


To: Rafael Moya  
Associate Commissioner for Office of Anti-Fraud Programs  
Social Security Administration

Amy Thompson  
Acting Assistant Deputy Commissioner, Office of Analytics, Review, and Oversight  
Social Security Administration

From: Joseph E. Gangloff   
Chief Counsel to the Inspector General  
Social Security Administration

Subject: Supplemental Office of Inspector General Referral Pursuant to Section 1129(l) of the Social Security Act – Dr. Luis Escabi-Perez

Previously, on February 24, 2016, the Office of Inspector General (OIG) referred relevant information from our investigation of Dr. Luis Escabi-Perez's fraud schemes to the Social Security Administration (SSA), pursuant to section 1129(l) of the *Social Security Act (Act)*, 42 U.S.C. § 1320a-8(l), to assist SSA in carrying out its responsibilities under sections 205(u) and 1631(e)(7)(A)(i) of the *Act*, 42 U.S.C. §§ 405(u) and 1383(e)(7)(A)(i) (Exhibit 1).

By this supplemental memorandum, the OIG is specifically identifying and referring  claimants involved in Dr. Escabi-Perez's fraud schemes to the SSA for appropriate action pursuant to section 1129(l) of the *Act*.

Dr. Escabi-Perez's Fraud Schemes

As stated in the OIG February 24, 2016 section 1129(l) referral, pursuant to a joint investigation with the Federal Bureau of Investigation (FBI), and a review of the indictments, Plea Agreement, and Dr. Escabi-Perez's Statement Under Penalty of Perjury, the OIG has reason to believe that fraud was involved in the applications of several individuals seen by Dr. Escabi-Perez for monthly disability insurance benefits under Title II of the *Act*.

Dr. Escabi-Perez's scheme to defraud the SSA was at least two-parted. First, the fraud scheme consisted of backdating the medical files of Dr. Escabi-Perez's patients that applied for Social

Security monthly disability insurance benefits to falsely represent a longer history of medical treatment.<sup>1</sup>

Second, the fraud scheme involved the submission of Psychiatric Medical Reports to the SSA containing template language that represented symptoms and medical conditions the patients did not actually experience for the purpose of tricking or deceiving the SSA into approving the payment of monthly disability insurance benefits.<sup>2</sup>

### Claimants Involved in Fraud Scheme

In the OIG February 24, 2016 section 1129(l) referral, we provided the SSA with a spreadsheet, entitled “Escabi Backdated and Other Cases,” consisting of the universe of all possible claimants involved in this fraud scheme. After further investigation, we have been able to specifically identify ██████ claimants involved in the fraud scheme: ██████ of which submitted backdated records to the SSA and ██████ of which submitted template Psychiatric Medical Reports to the SSA. Note, of the ██████ claimants, OIG identified ██████ claimants that submitted both backdated and template records to the SSA. These ██████ claimants are all listed in the attached Access document, entitled “Escabi backdated and OIG ADL Template Study” (Exhibit 2).<sup>3</sup>

For the backdated records fraud scheme, the OIG was able to identify these ██████ claimants based upon Dr. Escabi-Perez’s statements in his Statement Under Penalty of Perjury. He stated that the backdated cases can be identified by looking at the date of the Privacy Notice form in the medical file and comparing it with the first date reported in his Psychiatric Medical Report – the date of the actual first visit is the one indicated in the Privacy Notice form. Accordingly, OIG

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<sup>1</sup> As stated in the OIG February 2016 section 1129(l) referral, Dr. Escabi-Perez stated that the backdated cases can be identified by comparing the date of the Privacy Notice form with the first date reported in his Psychiatric Medical Report – the date of the actual first visit is the one indicated in the Privacy Notice form. In the backdated cases submitted to the SSA, the patient always knew and agreed to the backdating and he always charged a special fee to patients for the backdating (*see* Statement Under Penalty of Perjury, attached to the February 2016 referral).

<sup>2</sup> As stated in the OIG February 2016 section 1129(l) referral, this portion of the scheme is revealed in Counts One of the indictments against Dr. Escabi-Perez, Alberto Sostre-Cintron, and Rosa Pagan-Ramos (*see* Indictments, attached to the February 2016 referral).

<sup>3</sup> Within the document, there are three tables. The first table, entitled “█████ OIG ADL Template Study,” lists the ██████ claimants that OIG has reason to believe that fraud was involved in the application for monthly disability insurance benefits due to the submission of template Psychiatric Medical Reports. The second table, entitled “Escabi Backdated Cases,” lists the ██████ claimants that OIG has reason to believe that fraud was involved in the application for monthly disability insurance benefits due to the submission of backdated medical records. The third table, entitled “Backdated included in ██████ template study,” lists the ██████ claimants that OIG has reason to believe that fraud was involved in the application for monthly disability insurance benefits due to the submission of both template Psychiatric Medical Reports and backdated medical records.

has reason to believe that fraud was involved in the application for monthly disability insurance benefits for the attached [REDACTED] claimants (Exhibit 2, Escabi Backdated Cases Table).

For the template Psychiatric Medical Reports fraud scheme, the OIG was able to identify these [REDACTED] claimants based on an analysis, conducted jointly by the OIG, FBI, and the United States Attorney's Office of Puerto Rico (Exhibit 3). The attached report analyzed [REDACTED] of Dr. Escabi-Perez's Psychiatric Medical Reports and assessed that they all contain template language. Therefore, OIG has reason to believe that fraud was involved in the application for monthly disability insurance benefits for the attached [REDACTED] claimants (Exhibit 2, [REDACTED] OIG ADL Template Study Table).

SSA's Request

Subsequent to our February 24, 2016 section 1129(l) referral, the SSA provided OIG with three lists of claimants who have pending cases (at the initial, reconsideration, and continuing disability review stages) with the SSA that contain medical evidence from Dr. Escabi-Perez. The SSA requested that OIG identify whether there is reason to believe that fraud was involved in the applications for monthly disability insurance benefits of any of the claimants listed (Exhibits 4, 5, and 6).

By this memorandum, OIG has now provided the SSA with a spreadsheet of the universe of all possible persons involved in Dr. Escabi's fraud schemes and a document that specifically identifies the [REDACTED] backdated cases and [REDACTED] cases with template Psychiatric Medical Reports. Now that OIG's investigation is complete, we recommend that, for any pending cases SSA may have containing medical evidence from Dr. Escabi-Perez, they be compared against the lists that OIG has provided to the SSA. If the pending case does not fall under any of the lists that OIG has provided to the SSA, the OIG does not have reason to believe that fraud was involved in the application for monthly disability insurance benefits.

If you have any questions or need additional information, please contact me or have your staff contact [REDACTED]

Attachments:

Exhibit 1:

Exhibit 2:

Exhibit 3:

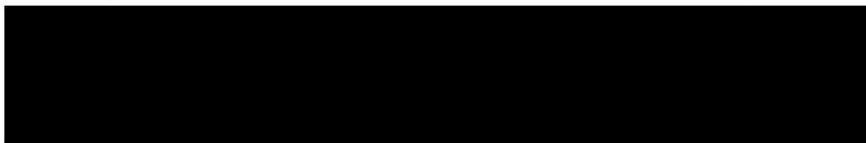


Exhibit 4:

Exhibit 5:

Exhibit 6:

