

One prescription every 4 minutes: Inside Mobile's national pill mill

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The Mobile pain clinics that were targeted in a sweeping crack down on prescription drug abuse had sold painkillers to patients in at least 18 different states, court records show.

Last year, the clinics' pharmacy was the number one buyer of oxymorphone and fentanyl in the state, the number two buyer of morphine and oxycodone, and the number seven buyer of methadone.

In 2013, the pharmacy's sales of oxymorphone and fentanyl exceeded the state's second largest purchaser of the drugs by 68 percent and 41 percent.

Federal authorities charged the pharmacy's co-owners, Dr. Xiulu Ruan and Dr. John Patrick Couch, two months ago for conspiracy to distribute controlled substances outside the usual course of professional practice and not for a legitimate medical purpose, and conspiracy to commit healthcare fraud.

To pump up profits, the doctors ordered expensive, unnecessary medical tests for patients and took kickbacks from medical suppliers in exchange for prescribing certain drugs to patients, according to a recent affidavit by FBI Special Agent Amy E. White.

Major pharmaceutical companies and medical suppliers also paid the doctors more than \$275,000 for food and drinks, travel and lodging, education, consulting and promotional speaking from August 2013 through December 2014, according to national news outlet ProPublica.

Federal authorities seized numerous assets including a fleet of luxury cars, 27 bank accounts, and high-end Gulf Coast real estate from Couch and Ruan as part of their investigation.

The two doctors were among 288 people including 22 doctors and pharmacists that were also charged in Arkansas, Louisiana, and Mississippi, and Alabama during the 15-month operation.

A third doctor who worked at the practice, Dr. Tao Chen, was not charged. He surrendered his controlled substance license to the U.S. Drug Enforcement Administration on May 20, but has applied to get it back.

Big prescriptions

Last year, Ruan wrote 34,883 prescriptions for controlled substances or about one prescription every three and a half minutes if he worked regular 40 hour weeks, the affidavit states.

In addition, he was the number three buyer of morphine, the number five buyer of fentanyl,

and the number six buyer of oxycodone and hydrocodone in the United States.

His attorney, Dennis Knizley, told AL.com that the number of prescriptions Ruan wrote and his pharmacy filled were legitimate.

"Whether he was the number one purchaser or prescriber of a certain medication doesn't in any way make him guilty of inappropriate purchasing or inappropriate prescribing," Knizley said. "We contend that every prescription that he prescribed was for a medical necessity, a recognized medical necessity, absolutely legal for someone who needed medical care."

His partner, Dr. John Patrick Couch, wrote 32,009 prescriptions last year, or one prescription every four minutes, according to the affidavit. Couch's attorney did not respond to multiple messages from AL.com.

One long-term patient of the doctors reported receiving up to 500 pain pills a month from the doctors in addition to receiving a cocktail of morphine, Dilaudid and other medications through an internal pain pump, according to the affidavit. Overall, the patient's dosage was more than 300 percent higher than the typical threshold for intense painkiller therapy, according to an independent investigator who reviewed the patient's medical file.

A significant portion of the clinics patients had no legitimate need for the drugs, according to the affidavit. One former employee told authorities that at least half of the patients at the clinics were pill seekers.

Medical employees working under Couch also abused the drugs during work hours, the affidavit states. By early 2015, at least two of his employees were admitted into in-patient drug rehab programs.

An Alabama State Medical Board Investigator also told a Drug Enforcement Agency agent that Couch kept painkillers in a refrigerator and a safe in his home, the affidavit states.

Members of the Baldwin County Sheriff's Office Drug Task Force searched the trash outside his home in May and found painkiller tablets, painkiller sprays, and other drugs.

On the down low

Less than a year before the doctors were charged, Ruan sent Couch an email in July 2014 urging him to be cautious. The email told Couch to reduce dosages for the popular painkillers oxycontin and Roxicodone to keep investigators from snooping around.

"Now that everyone in the nation knows that AL state prescribes the most pain killers in the nation, we will need to adjust our regimen a bit," the email states. "We would rather be careful than sorry."

By that time, the CDC announced that there were 143 painkiller prescriptions for every 100 Alabamians in the state, making the Heart of Dixie a national leader in painkiller use.

Three months later, Ruan sent Couch an e-mail asking whether they could restructure their business model in case "something bad happens down the road."

"Just two weeks ago, you mentioned to me that we were supposed to be raided by the FBI, which got you concerned, but thank God, it did not happen," the email states. "...Every practice can get into trouble when there are opportunities for whistle blowers to gain."

Extra cash

Meanwhile, Ruan and Couch had discovered a number of ways to make extra money, according to the affidavit.

For one, they had their employees treat their patients using the doctors' national provider identifier numbers, the affidavit states. That way, the insurance companies would see that a doctor performed the service and reimburse them at a higher rate.

They also ordered unnecessary "exceptionally expensive" drug tests for patients. Once the urine samples were tested, they would be sent to an outside clinic for secondary testing, which averages a \$755 reimbursement profit per sample.

According to the affidavit, Raun signed a contract with one of the drug testing firms that required him to send the firm a minimum number of samples each week. A representative from the firm told Ruan in an email that the practice generated an additional three to five million dollars in revenue for a separate company every year.

Two months later, Ruan agreed to the arrangement in an email.

"I convinced Dr. Couch that further waiting and reviewing would cost us more time, and of course translating into a loss of money!" Ruan wrote. "So, we PERSONALLY decided to give (redacted) company a chance! So, everyone is happy!"

Knizley told AL.com that the urine tests were needed to ensure Ruan's patients were not abusing the drugs.

"If you want to deliver proper medical care under the appropriate safeguards, that testing is the only way it will get done," Knizley said.

Finally, the doctors engaged in a "massive pharmaceutical kickback scheme," whereby an unnamed provider paid illegal kickbacks to them based upon the number of controlled substances they prescribed, according to the affidavit.

The way the scheme worked is that the unnamed provider supplied the drugs to the doctor with no upfront cost and gave the doctors formulas suggesting which drugs to prescribe to maximize profits, the affidavit states. Once the doctors prescribed the medications, they billed the patients' insurers, the unnamed providers would collect the insurance reimbursements and split the cash with the doctors.

Knizley said he would need to see the unredacted portion of the affidavit in order to address

the item.

According to the affidavit, a former employee of the clinic told authorities that the doctors encouraged their patients to use their in-house pharmacy, C&R Pharmacy, to fill prescriptions.

"This allows the doctors to control their patient's use of expensive name brand drugs rather than less expensive generics, which in turn allowed the doctors to meet their quotas with drug companies who are paying them kickbacks," the affidavit states.

According to the affidavit, an unnamed person told investigators that Couch and Ruan were paid for promoting drugs in the form of payments for speaking engagements. But the engagements were a fraud because "it was often just Couch, Ruan, and (redacted) at a restaurant talking about work."

The payments were nothing more than a way to conceal kickback payments for prescribing drugs, according to the affidavit.

But Knizley said Ruan, advertised as the most board certified physician in the world, "would be an appropriate person to pay for a speaking engagement."

"It's commonplace for people of his stature," Knizley said.

Reports from ProPublica show that INSYS Therapeutics paid Couch \$59,550 for speaking engagements from August 2013 through December 2014. INSYS Therapeutics, Perdue Transdermal Technologies, Horizon Pharma USA, Zogenix Inc., Mallinckrodt Inc., and Depomed Inc. paid Ruan \$160,634 for speaking engagements in that same time.

Mallinckrodt and Perdue Transdermal Technologies declined to comment. The rest of the firms did not respond to multiple messages seeking comment.

The doctors have pleaded not-guilty and are awaiting trial.