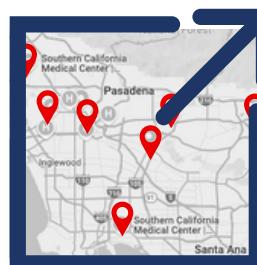


# SOUTHERN CALIFORNIA MEDICAL CENTER (SCMC)

## CASE STUDY



**340B**  
WHAT ABOUT  
**ME?**

[tiicann.org](http://tiicann.org)

### OVERVIEW

FQHCs with a history of fraud, like SCMC, are misusing 340B and exploiting taxpayer-funded healthcare programs for their own personal gain. **In 2024, the “non-profit” settled allegations with the Department of Justice regarding illicit activities that jeopardized patient care.** SCMC is a 501(c)(3) operating six clinics in the greater Los Angeles-area, primarily serving low-income and working-class families.

### RED FLAGS

- Medicare & Medi-Cal Fraud**
  - In 2024, agreed to pay \$15M to settle Department of Justice allegations that SCMC Founder, and the entities he co-owned, submitted false claims to Medicare and Medi-Cal from the payment of illegal kickbacks and self-referring patients.<sup>1</sup>
    - Between 2014-2021, SCMC repeatedly violated the Anti-Kickback Statute and the Stark Act’s prohibition against self-referrals.
- Concerning Ethics**
  - In 2024, SCMC Founder and former Chief Medical Officer surrendered his medical license after complaints he “engaged in a pattern of sexually assaulting young female patients, as well as employees who began as patients.”<sup>2</sup>

### ATTORNEY GENERAL BONTA

**“When health care professionals exploit the Medi-Cal program, which is intended to help the state’s most vulnerable populations, they betray the very principles of the Hippocratic Oath and undermine a program designed to support the elderly, the ill, and those in need.”<sup>3</sup>**

### 340B MISUSE

- Use of 340B Contract Pharmacies<sup>4</sup>**
  - 41 contract pharmacy arrangements, majority of which are affiliated with large PBMs and health insurer conglomerates:
    - 26 CVS contract pharmacy sites, 1 of which is located 150 miles outside of Los Angeles.
      - CVS Health Corporation owns CVS Pharmacy, CVS Caremark (PBM), and Aetna (health insurer).<sup>5</sup>
  - Surveys by governmental agencies find that contract pharmacies do not offer discounts to patients on 340B prescriptions.<sup>6,7</sup>

### CONCLUSION

**Despite a history of concerning ethics and prioritizing profits over patient care, SCMC is still an active 340B covered entity with dozens of contract pharmacy affiliations.**

1) United States Attorney's Office, Central District of California: [Southern California-Based Clinics, Laboratory, and Owners to Pay \\$15 Million to Settle Allegations of False Claims Arising from Kickbacks and Self-Referrals](#). December 26, 2024.

2) Medical Board of California, Department of Consumer Affairs: [Stipulated Surrender of License and Order](#). November 25, 2024.

3) Long Beach Post: [Local health care clinic owner agrees to pay \\$10M to settle Medi-Cal fraud accusations](#). January 3, 2025.

4) Health Resources & Services Administration, Office of Pharmacy Affairs 340B OPAS, [Contract Pharmacy Search](#).

5) Ohio Capital Journal: [With new acquisition, CVS to get bigger and broader, raising concerns](#). September 14, 2022.

6) United States Government Accountability Office: [Report to Congressional Requesters, Drug Discount Program: Federal Oversight of Compliance at 340B Contract Pharmacies Needs Improvement](#). June 2018.

7) United States Department of Health and Human Services: Office of Inspector General: [Memorandum Report: Contract Pharmacy Arrangements in the 340B Program, OEI-05-13-0043I](#). February 4, 2014.