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## **Four Pharmaceutical Companies Pay \$124 Million for Submission of False Claims to Medicaid**

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WASHINGTON, Oct. 19 /PRNewswire-USNewswire/ -- Mylan Pharmaceuticals, UDL Laboratories, AstraZeneca Pharmaceuticals and Ortho McNeil Pharmaceutical have entered into settlement agreements for a total of \$124 million to resolve claims that they violated the False Claims Act by failing to pay appropriate rebates to state Medicaid programs for drugs paid for by those programs, the Justice Department announced today.

The Medicaid Prescription Drug Rebate Program was enacted by Congress in 1990 out of concern for the costs that Medicaid was paying for outpatient drugs. By agreeing to participate in the Medicaid Rebate Program and signing these rebate agreements, the four companies agreed to pay quarterly rebates to Medicaid that were based upon the amount of money that health care program paid for each company's drugs. The precise amount of a rebate is determined in part by whether a drug is considered an "innovator" drug or a "non-innovator" drug. The rebate that must be paid for innovator drugs is higher than the rebate for non-innovator drugs.

Each of the companies agreed to pay a settlement to resolve allegations that it had sold innovator drugs that were manufactured by other companies and had classified those drugs as non-innovator drugs for Medicaid rebate purposes. As a result of the improper classification of these drugs, the companies underpaid their rebate obligations under the Medicaid Rebate Program.

Mylan and UDL agreed to pay \$118 million to resolve allegations that they underpaid their rebate obligations with respect to several Mylan drugs (nifedipine extended release tablets, flecainide acetate, selegiline HCL, Orphenadrine Citrate Aspirin and Caffeine tablets, Triamterene/Hydrochlorothiazide, Propoxyphene HCL, Propoxyphene HCL/Aspirin/Caffeine, Propoxyphene Napsylate/Acetaminophen, Ibuprofen tablets, Bumetanide, Cephalexin and Cefactor) and several UDL drugs (nifedipine extended release tablets, selegiline HCL, Triamterene & HCTZ, Propox Naps & APAP, Flecainide Acetate, Trihexyphenidyl, Ranitidine HCL syrup, Sucralfate Suspension, Selegiline HCL and Bumetanide). Because the Medicaid program is funded by both the federal and state governments, the federal government received \$60,896,476.00, the states \$49,824,389.00 of the settlement amount, and \$7,279,135.00 will be paid to entities that participated in the Public Health Service's Drug Pricing Program.

Separately, AstraZeneca paid \$2.6 million (\$1.43 million to the federal government and \$1.17 million to the states) to resolve allegations that it underpaid its rebate obligations with respect to Albuterol. Ortho McNeil paid \$3.4 million (\$1.87 million to the federal government and \$1.53 million to the states) to resolve allegations that it underpaid its rebate obligations with respect to Dermatop.

"The Civil Division will continue to work with our state partners to ensure that Medicaid programs, which provide health care to more than 58 million Americans, receives the same discounts that any larger insurer gets," Tony West, Assistant Attorney General for the Civil Division, said. "These cases exemplify the strong cooperation between the Department of Justice and the states in protecting American taxpayers."

This case was brought under the False Claims Act, which allows for private persons to file suits on behalf of the government. The whistleblower, Ven-A-Care, a corporation located in Key West, Fla. will receive a total of \$10,787,392 as its share of today's recovery.

"These settlements are the culmination of several years of hard work on the part of the government's investigators and attorneys," said John P. Kacavas, U.S. Attorney for the District of New Hampshire. "The settlement with Mylan and UDL is the largest health care fraud recovery that the U.S. Attorney's Office in New Hampshire has ever obtained. The settlements show that the government is committed to identifying health care fraud and ensuring that companies that benefit from doing business with the government agree to play by the rules."

This case was handled by the U.S. Attorney's Office for the District of New Hampshire and the Commercial Litigation Branch of the Justice Department's Civil Division with assistance from the Medicaid Fraud section within the New Hampshire Attorney General's Office, as well as the National Association of Medicaid Fraud Control Units. The case was investigated by members of the Office of Investigations of the Office of Inspector General of the U.S. Department of Health and Human Services.

SOURCE U.S. Department of Justice

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