



Department of Justice

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WALGREENS PAYS U.S. \$9.9 MILLION TO SETTLE MEDICAID PRESCRIPTION DRUG ALLEGATIONS

WASHINGTON – Illinois-based national retail pharmacy chain Walgreens has paid the United States and four participating states \$9.9 million to resolve allegations of falsely billing the Medicaid program, the Justice Department announced today.

Walgreens submitted claims to Medicaid agencies in four states for prescription drugs dispensed to persons covered both by Medicaid and by private third-party insurance. The retail pharmacy chain allegedly charged the four state Medicaid programs the difference between what the private insurance companies paid for the drugs and what the state Medicaid programs would have paid for the drugs in the absence of private insurance.

The government alleges the claims were false because the drug chain was entitled to reimbursement from the Medicaid programs only for the amount the Medicaid beneficiary would have been obligated to pay Walgreens had the claims been submitted solely to the private insurers, typically the co-payment amount, yet it knowingly submitted claims to the Medicaid programs in excess of the co-pay amount. As a result of this improper billing, Walgreens received reimbursement amounts from the states' Medicaid programs that were higher than it was entitled to receive.

"This settlement confirms that we will vigorously pursue allegations of fraud and abuse in state Medicaid programs, which are funded, in part, by the federal government," said Gregory G. Katsas, Assistant Attorney General for the Department of Justice's Civil Division.

The United States initiated the investigation in response to a lawsuit brought by two pharmacists at Walgreens, Daniel Bieurance and Neil Thompson. Under the False Claims Act, private individuals can bring such actions for fraud on behalf of the United States and collect a share of any proceeds recovered. Under various state False Claims Acts, private individuals can also bring actions for fraud on behalf of those states and receive a share of the proceeds. As a

result of today's settlement, the two relators will share \$1,446,658.54 as their portion of the recovery.

“Health care fraud continues to be a priority for both the District of Minnesota and the Department of Justice nationwide,” said U.S. Attorney Frank J. Magill. “Our office is gratified to see a substantial recovery of funds for the taxpayers, helping to ensure the continued availability of Medicare and Medicaid trust funds in the future.”

The case was handled jointly by the Justice Department's Civil Division and the U.S. Attorney's Office for the District of Minnesota, and the offices of the Attorney General for the states of Michigan, Florida, Minnesota and the Commonwealth of Massachusetts, with investigative assistance provided by the Office of the Inspector General, Department of Health and Human Services.

The case is entitled *U.S. ex rel. Thompson et al. v. Walgreen Co.*, (D. Minn) Civ. Action No. 05-SC-759.

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