

MEDIA Release

Iowa Department of Inspections and Appeals – Lucas State Office Building – Des Moines, IA 50319

For information, Contact:

David Werning, 515-281-7376

david.werning@dia.iowa.gov

State of Iowa Receives \$9,018 in PharMerica Corporation Settlement

DES MOINES, IOWA (October 13, 2015) – The State of Iowa will receive \$9,017.57 as part of a national settlement between PharMerica Corporation and the federal government. “The settlement resolves civil allegations that PharMerica conspired with Abbott Laboratories through a number of disguised kickback arrangements to increase overall utilization of Depakote and to promote misbranded Kepakote,” said Iowa Department of Inspections and Appeals (DIA) Director Rod Roberts. The settlement compensates Iowa’s Medical Assistance Program (Medicaid) for harm allegedly suffered as a result of illegal conduct, the Director added.

The federal government contends that from January 1, 2001, through December 31, 2008, PharMerica knowingly solicited and received illegal remuneration from drug manufacturer Abbott in the form of rebate agreements that required PharMerica to engage in certain promotional programs, grants, and other financial support. “This alleged conduct resulted in false claims to Iowa’s Medicaid program,” Director Roberts explained.

This settlement is based on two qui tam cases that were consolidated and are pending in the United States District Court for the Western District of Virginia in Abington, Virginia. The cases were filed under federal and state false claims statutes.

A team from the National Association of Medicaid Fraud Control Units participated in the investigation and conducted the settlement negotiations with PharMerica on behalf of the participating states. Team members include representatives from the Offices of the Attorneys General for the states of California, Illinois, Massachusetts, Maryland, New York, Ohio, South Carolina and Virginia.

In Iowa, allegations of fraud committed by Medicaid providers are investigated by DIA’s Medicaid Fraud Control Unit (MFCU), which participated in the Iowa portion of the PharMerica investigation. In addition to provider fraud cases, MFCU investigates alleged abuse and neglect of residents in long-term care facilities that receive Medicaid reimbursements. MFCU also looks into allegations that residents have been defrauded of personal funds or possessions. Iowa’s False Claims Act is overseen by the State Attorney General’s Office, which approved the settlement agreement on the part of the State of Iowa.

###

PharMerica_Settlement10132015