



# Department of Justice

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## **Walgreens to Pay \$35 Million to U.S., 46 States & Puerto Rico to Settle Medicaid Prescription Drug Fraud Allegations**

WASHINGTON – Walgreen Co. of Deerfield, Ill., has agreed to pay \$35 million to settle claims that from 2001 to 2005, it improperly switched patients to different versions of the prescriptions drugs Ranitidine, Fluoxetine and Eldepryl in order to increase its reimbursement from Medicaid, the Justice Department announced today.

Walgreens, which operates over 5,000 retail pharmacies throughout the U.S., switched the prescriptions for Medicaid patients who were prescribed 150 mg or 300 mg tablets of Ranitidine to more expensive capsules; prescriptions for 10 mg or 20 mg capsules of Fluoxetine to more expensive tablets; and prescriptions for 5 mg tablets of Eldepryl to more expensive capsules. By switching the form of the drug dispensed to Medicaid patients, Walgreens substantially increased its reimbursement from Medicaid while providing no additional medical benefit to patients.

"This is our third settlement with a company that has engaged in improper drug switching, and it represents the government's continuing commitment to vigorously pursue fraud in government health care programs," said Gregory G. Katsas, Acting Assisting Attorney General for the Civil Division. "The United States will not tolerate pharmacies or any other health care providers that attempt to manipulate the Medicaid program at the taxpayers' expense."

Walgreens will pay \$35 million to resolve a False Claims Act *qui tam* action filed in 2003 by Bernard Listiza, a licensed pharmacist. The federal share of the settlement is approximately \$18.6 million. Forty-six states and Puerto Rico will share approximately \$16.4 million under separate settlement agreements. Lisitza will receive approximately \$5 million as his share of the federal and state settlements.

"Switching medication from tablets to capsules might seem harmless, but when that is done solely to increase profit and in violation of federal and state regulations that are designed to protect patients, pharmacies must know that they are subjecting themselves to the possibility of triple damages, civil penalties and attorney fees," said Patrick Fitzgerald, U.S. Attorney for the Northern District of Illinois. "These penalties, coupled with the willingness of insiders to report fraud, should deter such misconduct, but when it doesn't, the result in this case and others serves notice that we will aggressively pursue all available legal remedies."

Walgreens has also entered into a compliance agreement with the U.S. Department of Health and Human Services to insure that Walgreens does not improperly switch drugs in the future. The compliance agreement will be in effect for five years.

The U.S. Attorney's Office for the Northern District of Illinois (Chicago) supervised the joint federal and state health care fraud investigation with assistance from the Civil Division, the National Association of Medicaid Fraud Control Units (NAMFCU), the Office of Inspector General for the U.S. Department of Health and Human Services, the FBI and the U.S. Food and Drug Administration.

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