

ILLINOIS ATTORNEY GENERAL LISA MADIGAN

PRESS RELEASE



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For Immediate Release

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MADIGAN ANNOUNCES AGREEMENT WITH KENTUCKY-BASED OMNICARE ILLINOIS TO RECEIVE OVER \$2.5 MILLION

Chicago - Attorney General Lisa Madigan today announced that the State of Illinois will receive \$2,568,762.08 as part of a 42-state, \$49.5-million settlement with Covington, Ky.-based Omnicare Inc. As a result of the settlement, Omnicare is paying damages equal to double the amount the state expended.

The agreement with Omnicare, an institutional pharmacy that does business in 47 states, resolves allegations that the company switched the dosage strengths and forms of certain medications used by Medicaid patients in violation of various state and federal statutes and regulations.

The settlement covers allegations that from 2000 through 2005, Omnicare, using a therapeutic interchange program, aggressively switched patients from brand-name drugs to generic drugs, and also switched various forms and strengths of drugs. One purpose of the therapeutic interchange program allegedly was to lower costs for third-party payers, including Medicaid. As a result of these switches, however, state Medicaid programs paid more for certain drugs. Specifically, Omnicare made the following moves, which resulted in increased payments by the Illinois Medicaid program:

- Switched patients from 150 mg and 300 mg ranitidine (generic Zantac) tablets to the equivalent capsules.
- Switched patients from 10 mg and 20 mg fluoxetine (generic Prozac) capsules to the equivalent tablets.
- Switched patients from 15 mg buspirone (generic Buspar) dosage strength to 7.5 mg dosages.

Omnicare unilaterally switched these drugs without the involvement of the patients' physicians and, in doing so, violated Illinois pharmaceutical dispensing statutes and regulations.

As part of the settlement, Omnicare will enter into a Corporate Integrity Agreement with the United States Department of Health and Human Services' Inspector General. The agreement will include provisions that Omnicare cannot switch dosage or strength forms of any medication if the result would be an increase in cost to third-party payers, including Medicaid.

Madigan's office joined forces on this case with numerous state and federal agencies, including the ISP Medicaid Fraud Control Unit and the United State's Attorney's Office. The National Association of Medicaid Fraud Control Units conducted the settlement negotiations, with representatives of the Attorneys General of the states of Illinois, Maine, Massachusetts and Ohio.

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