

ILLINOIS ATTORNEY GENERAL LISA MADIGAN

PRESS RELEASE



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**ATTORNEY GENERAL MADIGAN:
WALGREEN'S SETTLEMENT NETS \$1.3 MILLION
FOR ILLINOIS MEDICAID PROGRAM**

Chicago - Illinois Attorney General Lisa Madigan today announced that the State of Illinois will receive \$1,336,394.00 as part of a settlement totaling \$35 million with Walgreen Co. ("Walgreens") involving the United States, 42 states and the Commonwealth of Puerto Rico.

The settlement resolves claims that Walgreens violated various state and federal statutes and regulations by switching dosage forms of three medications commonly prescribed for Medicaid patients, causing Medicaid programs nationwide to pay substantially more for these drugs than they otherwise would have.

The settlement is the result of negotiations jointly conducted by the attorneys general – lead by Attorney General Madigan’s Medicaid Fraud Bureau and representatives for the attorneys general of Ohio, Massachusetts, Florida and Texas – along with the U. S. Attorney’s Office for the Northern District of Illinois and the National Association of Medicaid Fraud Control Units.

"This case is part of our larger, ongoing effort to prevent abuse of our Medicaid system," said Attorney General Madigan. "Actions like the dosage switching involved here prevent our Medicaid programs from using limited resources as widely as possible and, ultimately, harm the patients who benefit from these programs."

Walgreens currently operates retail pharmacies in 48 states and Puerto Rico and furnishes pharmacy services to Medicaid recipients in Illinois. Today's settlement is the result of a joint federal-state investigation arising from the filing of a False Claims Act lawsuit in the U.S. District Court in Chicago in 2003. The whistleblower's complaint alleged that Walgreens filled prescriptions for numerous Medicaid recipients by aggressively switching dosage forms of ranitidine (the generic form of Zantac, a commonly prescribed anti-ulcer medication), fluoxetine (the generic form of Prozac, an anti-depressant), and selegiline (the generic form of Eldepryl, used in treating Parkinson's disease and senile dementia), and that this conduct violated various federal and state statutes and regulations.

Based on the state-federal investigation, Madigan's office contends that the improper switching practices continued from July 2001 through 2005, and that the wholesale substitution of alternate dosage forms of these drugs resulted in higher payments under the automated Medicaid reimbursement system, with

no corresponding medical benefit to the individuals receiving the prescriptions. Today's settlement also resolves allegations that Walgreens made these wholesale switches without physician involvement and therefore violated numerous state regulations governing pharmaceutical dispensing.

This settlement is the third and final in a series resulting from investigations of similar conduct by pharmacy providers nationwide. Together, the three cases have brought back more than \$120 million to Medicaid programs around the country.

In addition to the payment of cash settlements to the state and federal governments, Walgreens has agreed to the terms of a Corporate Integrity Agreement (CIA) with the Office of the Inspector General of the U. S. Department of Health and Human Services. The agreement will include provisions that will ensure that Walgreens does not switch dosage forms of medications if the result would increase the costs to third-party payers, including Medicaid, and will subject the company's billing practices to ongoing federal scrutiny.

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