

NEWS RELEASE

From the Office of the Indiana Attorney General

Media Relations
Staci Schneider
Chief Communications Officer/
Press Secretary
317-232-6351

FOR IMMEDIATE RELEASE

March 18, 2008

Attorney General Steve Carter Recovers \$1.4 Million for Indiana from CVS/Caremark

(INDIANAPOLIS, IN) - CVS/Caremark Corporation has agreed to pay \$1,406,120 to the Indiana Medicaid Program to settle allegations of improper billing announced Attorney General Steve Carter today. The payment is part of a \$36.7 million settlement with the United States, 23 states and the District of Columbia and resolves claims that CVS pharmacies systemically switched the dosage form of ranitidine from tablet-form to the capsule-form of the drug. The CVS will repay Indiana \$513,962 for the state's share of the Medicaid loss. The rest of the recovery will go to the federal government for its share of the Medicaid loss.

"Revising physician orders to maximize the dollars received from a state and federally funded program is harmful to both patient and the healthcare reimbursement system," Carter said.

The settlement follows a joint federal-state investigation into allegations that CVS filled prescriptions for numerous Medicaid recipients by aggressively switching dosage forms of ranitidine over a seven year period (1999- 2006), violating various state and federal statutes and regulations. Ranitidine is the generic form of Zantac, a commonly prescribed anti-ulcer medication. The investigation showed that these switches caused Medicaid programs nationwide to pay CVS substantially more for the drug than they otherwise would have.

The substitution of the ranitidine capsules for tables resulted in higher payments under the automated Medicaid reimbursement system, with no corresponding medical benefit to the individuals receiving the prescriptions. The settlement resolves allegations that CVS made wholesale switches of ranitidine dosage forms without physician involvement and therefore violating regulations governing pharmaceutical dispensing.

In addition to the cash settlements to the federal and state governments, CVS/Caremark has agreed to the terms of a Corporate Integrity Agreement with the Office of the Inspector General of the United States Department of Health and Human Services. This Agreement includes provisions that will ensure that CVS does not switch dosage forms of medications if the result would increase the costs to third-party payers, including Medicaid.

The settlement represents double damages. CVS/Caremark currently operates retail pharmacies in 38 states.