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*State of Georgia*

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**PRESS ADVISORY**

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**CVS/Caremark Agrees to Pay Georgia \$3.5 Million to Settle Claims of Improper Medicaid Billing**

Attorney General Thurbert Baker announced today that CVS/Caremark Corporation has agreed to pay \$3,565,869.03 to the Georgia Medicaid Program to settle allegations of improper billing. The payment, part of a \$36.7 million settlement with the United States, 23 states<sup>[1]</sup> and the District of Columbia, resolves claims that CVS violated various state and federal statutes and regulations by switching dosage forms of ranitidine, an antacid medication commonly prescribed for Medicaid patients.

CVS/Caremark, which currently operates retail pharmacies in 38 states, furnishes pharmacy services to Medicaid recipients in Georgia. Today's settlement follows a joint federal-state investigation into allegations that CVS, from April 1999 through 2006, filled prescriptions for numerous Medicaid recipients by aggressively switching dosage forms of ranitidine (the generic form of Zantac, a commonly prescribed anti-ulcer medication), and that this conduct violated various federal and state statutes and regulations. The investigation showed that these switches caused Medicaid programs nationwide to pay CVS substantially more for ranitidine than they otherwise would have.

The substitution of the ranitidine capsules for tablets 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 violated numerous state regulations governing pharmaceutical dispensing.

In addition to the payment of cash settlements to the state and federal governments, CVS/Caremark has agreed to the terms of a Corporate Integrity Agreement (“CIA”) with the Office of the Inspector General of the United States Department of Health and Human Services. The CIA will include 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, and will subject the company’s billing practices to ongoing federal scrutiny.

The settlement was the result of negotiations jointly conducted by the United States Attorney's Office for the Northern District of Illinois and representatives from the healthcare fraud units of the participating states' attorneys general.

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[1]The participating states are: Alabama, Connecticut, Florida, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia and West Virginia.