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Attorney General Corbett announces \$36.7 million multi-state settlement with CVS/Caremark in national dosage-switching investigation

HARRISBURG — Attorney General Tom Corbett today announced a \$36.7 million multi-state settlement with CVS/Caremark Corporation, a Rhode Island-based pharmacy chain, resolving allegations that the company improperly billed state and federal Medicaid programs by switching the form of dosage for a commonly prescribed anti-ulcer medication.

Corbett said the settlement follows a joint federal and state investigation concerning prescriptions filled by CVS/Caremark for the antacid medicine ranitidine, the generic form of Zantac. Between 1999 and 2006, CVS pharmacies allegedly substituted a more-expensive capsule form of the drug, rather than tablets, resulting in higher payments by Medicaid with no medical benefit to patients.

According to the settlement, CVS was accused of making wholesale changes in the dosage form for ranitidine prescriptions without the involvement of patients' doctors, violating numerous state regulations governing the dispensing of drugs.

Corbett said that Pennsylvania will receive \$495,628 from CVS/Caremark as the result of this settlement. The payment will be used to reimburse the PA Medicaid program for higher prescription payments that were generated by the switch from ranitidine tablets to capsules.

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Corbett said the multi-state settlement also requires CVS/Caremark to adopt a "Corporate Integrity Agreement," ensuring the company will not switch dosage forms of medications if that change would result in higher costs for Medicaid and other prescription programs. The billing practices for CVS will also be subject to ongoing federal scrutiny.

The settlement with CVS/Caremark includes Pennsylvania, along with Alabama, Connecticut, Florida, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, North Carolina, Ohio, Rhode Island, South Carolina, Tennessee, Vermont, Virginia and West Virginia, as well as the District of Columbia and the federal government.

The settlement was the result of joint negotiations involving the U.S. Attorney's Office and the National Association of Medicaid Fraud Control Units.

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