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Attorney General Bill McCollum News Release

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Attorney General McCollum Recovers \$9.8 Million for Florida from Walgreens Settlement

TALLAHASSEE, FL – Attorney General Bill McCollum today announced that Florida will receive more than \$9.8 million from a \$35-million multistate settlement with Walgreens over claims the company switched dosage forms for several medications commonly prescribed for Medicaid recipients. The switches allegedly caused Medicaid programs nationwide to pay substantially more for these drugs than necessary. Florida's civil case was handled by the Attorney General's Complex Civil Enforcement Bureau, which is part of the Medicaid Fraud Control Unit.

"Florida will not tolerate activities that undermine its Medicaid program and pass increases along to our taxpayers," said Attorney General McCollum.

Today's settlement is the result of a joint federal-state investigation that was initiated by the filing of a false claims act lawsuit in U.S. District Court in Chicago in 2003. The lawsuit alleged 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; and selegiline, the generic form of Eldepryl, which used in the treatment of Parkinson's disease and senile dementia. This conduct allegedly violated various federal and state statutes and regulations.

Government investigators contended that these improper 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. The settlement also resolves allegations that Walgreens made these wholesale switches 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, Walgreens 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. The agreement will include provisions to 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. Of Florida's share of the settlement, the state's Medicaid program will receive more than \$1.8 million in recoveries; over \$1.8 million in damages will be awarded to the state's general revenue fund; and \$100,000 will reimburse the state for the cost of its investigation. The remaining settlement funds will be allocated to the Federal Medicaid program.

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. The settlement was the result of negotiations jointly conducted by the United States Attorney's Office for the Northern District of Illinois and the National Association of Medicaid Fraud Control Units, with the Attorneys General of Florida, Ohio, Illinois, Massachusetts, and Texas leading the effort for the states.

In addition to those states named above, participating states also include Alabama, Arizona, Arkansas, Colorado, Connecticut, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland,

Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Virginia, Washington, Wisconsin, Wyoming, and the Commonwealth of Puerto Rico.

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