

## **Pharmaceutical Settlements since 2004**

The U.S. Attorney's Office for the Eastern District of Pennsylvania has earned a reputation for its work in holding pharmaceutical companies accountable for improper practices including the off-label marketing of certain drugs for unapproved uses; paying kickbacks to doctors and other healthcare professionals; causing erroneous charges to state and federal healthcare reimbursement plans; and improperly billing Medicare and Medicaid programs. The Philadelphia office has recovered more than \$4 billion since its first major qui tam case involving a pharmaceutical company was resolved July 30, 2004. U.S. v. Schering-Plough Corporation resulted in a civil settlement of \$292 million and criminal fine and forfeiture of \$52.5 million. Schering-Plough Corporation agreed to pay the settlement in order to resolve its civil liabilities in connection with the illegal and fraudulent pricing of the blockbuster drug, Claritin.

In 2005, this office negotiated settlements in two qui tam cases involving pharmaceutical manufacturers and/or products. King Pharmaceuticals, Inc., and its subsidiary Monarch Pharmaceuticals, Inc., agreed to pay \$124 million to resolve civil fraud liability under the federal False Claims Act for the pricing of its drugs.

Also in 2005, AdvancePCS, a pharmacy benefits manager and wholly-owned subsidiary of Caremark Rx, Inc., agreed to pay \$137.5 million to resolve civil liabilities in connection with soliciting and receiving kickbacks from pharmaceutical manufacturers and paying kickbacks to potential customers to induce them to contract with AdvancePCS.

In 2006, Medco Health Solutions, Inc. ("Medco"), another pharmacy benefits manager, agreed to pay \$155 million to resolve allegations related to the company's violations of its contractual obligations to provide mail order prescription drug benefits to federal employees, retirees, and their families.

In 2008, pharmaceutical manufacturer Merck & Co., Inc. agreed to pay \$399 million to resolve civil liabilities for underpaying Medicaid rebates for its drugs Zocor and Vioxx. The settlement also resolved allegations that Merck paid certain inducements to healthcare professionals, including doctors.

Also in 2008, the pharmaceutical company Cephalon agreed to pay \$375 million in a civil settlement over the off-label marketing of its drugs Actiq, Gabitril, and Provigil. The company also paid criminal fines and forfeiture of \$50million.

In 2009, pharmaceutical giant Eli Lilly agreed to pay \$800 million in civil damages and \$615 million in criminal fines and forfeiture for the off-label marketing of the anti-psychotic drug Zyprexa.

Also in 2009, pharmaceutical giant Pfizer agreed to pay \$301 million to resolve civil liabilities for its off label marketing of the anti-psychotic drug, Geodon. This was one part of a global resolution with Pfizer that involved several United States Attorney's Offices and resulted in a record-setting \$2.3 billion settlement.

In 2010, pharmaceutical company AstraZeneca LP and AstraZeneca Pharmaceuticals agreed to pay \$520 million to resolve allegations made under the civil False Claims Act that it

illegally marketed the anti-psychotic drug Seroquel for uses not approved as safe and effective by the Food and Drug Administration.

Also in 2010, Novartis Pharmaceuticals agreed to pay \$237.5 million to resolve civil liabilities, along with a criminal fine and forfeiture of \$185 million, for its off-label marketing of Trileptal and payment of kickbacks to health care providers to induce them to prescribe Trileptal, as well as Diovan, Exforge, Tekturna, Zelnorm, and Sandostatin.