

January 28, 2019

ATTORNEY GENERAL RAOUL ANNOUNCES MORE THAN \$260 MILLION SETTLEMENTS WITH WALGREENS

Illinois to Recover Nearly \$3 Million for State Medicaid Program

Chicago — Attorney General Kwame Raoul today announced two multistate settlements with Walgreen Co. (Walgreens), under which the corporation will pay more than \$260 million to participating states' Medicaid programs. As a result of these settlements, Walgreens, headquartered in Deerfield, Ill., will pay Illinois a total of \$2.8 million.

Raoul's office joined with 49 states and the federal government to settle allegations that Walgreens knowingly over-dispensed insulin pens to Medicaid and Medicare patients. According to the settlement, Walgreens' computer system was programmed to define a full box of five insulin pens as the minimum dispensing package size. Doing so prevented pharmacists from being able to dispense fewer than five pens, even if a patient's prescription called for a box containing fewer than five pens.

Raoul and the states alleged that from Jan. 1, 2006 through Dec. 31, 2017, Walgreens intentionally dispensed larger quantities of insulin than required by patients' prescriptions and falsified information on claims submitted for reimbursement to Medicaid and Medicare. As a result, state Medicaid programs paid a substantially higher number of claims than if Walgreens had reported the correct supply of medication prescribed by doctors.

"Walgreens engaged in practices designed to take advantage of Medicaid and Medicare – programs relied upon by some of our most vulnerable residents," Raoul said. "This settlement will help Illinois recover some of the vital funding lost to Walgreens' actions."

Under the settlement, Walgreens will pay the states and federal government more than \$209 million, and more than \$89 million will go to the state Medicaid programs. Illinois will recover more than \$1.9 million through the settlement.

The settlement stems from a whistleblower action originally filed in 2015 in the United States District Court for the Southern District of New York under the federal False Claims Act and the participating states' respective false claims statutes. A National Association of Medicaid Fraud Control Units (NAMFCU) Team conducted the investigation and participated in the settlement negotiations with Walgreens. In addition to Raoul's office, the NAMFCU Team included representatives from attorneys generals' offices in California, Indiana, Massachusetts, New York, Oklahoma, Texas, and Washington.

Raoul's office also partnered with five states and the federal government to reach a \$60 million settlement with Walgreens to resolve allegations the corporation violated the False Claims Act through its discount drug program, the Prescription Savings Club (PSC). An investigation revealed that Walgreens billed states' Medicaid programs for certain prescription drugs sold through its PSC at rates that were higher than its usual and customary rates. As a result, states' Medicaid programs paid more money to reimburse Walgreens than they should have.

The investigation resulted from a qui tam action originally filed in 2012 in the U.S. District Court for the Southern District of New York under the federal False Claims Act and various state false claims statutes. As part of the settlement, Illinois will recover more than \$928,000. The NAMFCU Team led by Raoul's office included representatives of the attorneys generals of California, Indiana, Michigan, Ohio, and New York.

Deputy Bureau Chief Heather Tullio D'Orazio handled the cases for Raoul's Medicaid Fraud Bureau.