

Walgreens To Pay Feds And States \$60M In Largest-Ever Settlement By A Pharmacy Chain For Overcharging For Drugs

01.22.2019

FOR IMMEDIATE RELEASE

WALGREENS TO PAY FEDS AND STATES 460M IN LARGEST-EVER SETTLEMENT BY A PHARMACY CHAIN FOR OVERCHARGING FOR DRUGS

Historic Whistleblower Case Exposes Walgreens' Overbilling Prescription Drugs Paid By Government Healthcare Plans Like Medicaid

Washington, DC – Walgreen Co. (“Walgreens”), the nation’s largest retail pharmacy, has agreed to pay \$60 million to settle allegations that it knowingly overcharged government healthcare plans such as Medicaid for prescription drugs based on an announcement today by Stein Mitchell Beato & Missner LLP. With this unprecedented settlement, Walgreens resolved allegations that the company defrauded the U.S. government and 39 States by submitting false and inflated prices for prescription drugs to increase its government reimbursements. The groundbreaking settlement is the largest of its kind against a retail pharmacy under the qui tam whistleblower provisions of the False Claims Act (FCA).

“This unprecedented case exemplifies the importance of whistleblowers in the public-private partnership to prevent government fraud,” said Andrew M. Beato, the Chair of Stein Mitchell Beato & Missner LLP’s Whistleblower Practice Group. “It illustrates the power of one individual to expose and stop fraud against the government – and, ultimately, U.S. taxpayers who foot the bill.”

The Lawsuit

Today’s settlement was due to the efforts of whistleblower Marc D. Baker and his legal counsel Andrew M. Beato and Jed Wulfekotte of Stein Mitchell Beato & Missner LLP. Under federal and state laws, the amount charged by a pharmacy for a prescription drug cannot exceed the drug’s usual and customary price. Baker alleged that Walgreens made false claims for payment of prescription drugs

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by submitting inflated usual and customary prices to government healthcare plans, including Medicaid, that fraudulently increased its reimbursements.

Baker's lawsuit, which was filed in 2012, disclosed that Walgreens offered discounted prices on prescription drugs to the general public through the Walgreens Prescription Savings Club called PSC, including government healthcare program beneficiaries, while charging significantly higher prices for the same drugs when paid by government programs.

Walgreens admitted as part of the settlement that the government "paid Walgreens more money in reimbursements than they would have paid if Walgreens had identified its PSC prices as its [usual and customary] prices."

Importantly, a successful case entitles the whistleblower to a percentage of the amount recovered. Baker will receive 21 percent of the amount recovered by the government.

"Never think that a single voice can't make a difference in holding corporate goliaths responsible for illegal and unethical behavior," added Jonathan Missner, Managing Partner of Stein Mitchell Beato & Missner LLP. "This is especially true when represented by well-established and creative counsel like Andrew Beato and Jed Wulfekotte, who specialize in whistleblower cases."

Additional Background

This \$60 million Walgreens settlement resolves a multi-prong investigation by the United States Attorney's Office for the Southern District of New York and numerous State Attorneys General Offices into Walgreens' pharmacy and drug pricing practices. It is a capstone to numerous claims against Walgreens stemming from the six-year investigation started by Baker's lawsuit. This includes a partial settlement on January 19, 2018, in which Walgreens paid \$50 million to the government related to unlawful kickbacks intended to induce government beneficiaries to fill prescriptions at Walgreens' pharmacies.

The FCA's qui tam provisions incentivize whistleblowers to report fraud on a government program with the protection of a court-ordered seal, confidentiality, and without company retaliation. More than \$40 billion in government fraud has been recovered in FCA qui tam matters during the past 30 years.

The lawsuit was filed in the United States District Court for the Southern District of New York detailing the violations by Walgreens. The case is United States ex rel. Marc D. Baker v. Walgreen Co., 12 Civ. 0300 (JPO) (S.D.N.Y.).

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Special recognition is owed to Stein Mitchell Beato & Missner's Chief Investigator Rory Kelly for his substantial contribution to this investigation.

Stein Mitchell Beato & Missner LLP specializes in whistleblower cases and combines the skills of seasoned trial lawyers with the flexibility and personal touch of a dynamic law firm to achieve extraordinary client results. The firm has represented whistleblowers in cases that have recovered more than \$3.5 billion for federal, state and local governments. They are recognized as "the small firm that takes on big cases and wins." The firm's well-earned reputation as a top-tier litigation firm with a national and international practice rests not only on its 50-year history of success, but also on the ongoing confidence of its clients who entrust the firm with their most complex and challenging legal matters.

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