

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Inspector General**



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**FOR IMMEDIATE RELEASE**

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**\$218,731 To Be Paid by Medical Company for Violating Medicaid Rules**

Washington, D.C. - D.C. Inspector General Charles C. Maddox today announced that the District of Columbia Medicaid Program will recover \$218,731 as part of a \$414 million nationwide settlement with medical products manufacturer Abbott Laboratories. The settlement resolves concerns that Abbot Laboratories, based in Abbot Park, Ill., defrauded state Medicaid and federal Medicare programs through the marketing of its enteral feeding pumps, which are used to feed patients directly through the intestines.

As part of the settlement to be entered in federal court for the Southern District of Illinois, Abbott will pay \$364,816,174 in damages and penalties to the Medicare program and \$49,638,575 to the Medicaid programs of the 50 states and the District of Columbia. C.G. Nutritionals, an Abbott subsidiary, also will plead guilty to a federal charge of Obstruction of a Criminal Investigation of Health Care Offenses and pay a criminal fine of \$200 million to the federal government.

Federal and state authorities began looking at Abbott Laboratories' marketing of the feeding pumps in December 2002; as part of the investigation, the Federal Bureau of Investigation established a fictitious durable medical equipment (DME) supplier to purchase enteral feeding pumps. The marketing practices of Abbott's Ross Products Division included:

- Providing free enteral feeding pumps to nursing homes and DME suppliers in exchange for those buyers agreeing to purchase a specific number of pump sets, which are necessary for the pumps to function;
- Claiming that nursing homes and DME suppliers could bill Medicare or Medicaid for the pumps, which had been supplied for free; and
- Providing monetary encouragement to DME suppliers and nursing homes to buy products from Ross.

In addition to the penalties, the settlement requires Abbott to enter a Corporate Integrity Agreement (CIA) with the U.S. Department of Health and Human Services, Office of the Inspector General, that will specify stringent requirements to make certain that any illegal marketing practices end immediately and requiring Abbott to undergo audit review for five years.

The negotiating team for the states was led by members of the National Association of Medicaid Fraud Control Units. The federal settlement was negotiated in conjunction with the United States Attorney for the Southern District of Illinois.

This is an example of efforts made by the D.C. Inspector General's Medicaid Fraud Control Unit (MFCU) to assure that the District of Columbia is incorporated in all national healthcare fraud initiatives. The Unit was created in March 2000, and is responsible for investigating and prosecuting healthcare fraud and patient abuse.