

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General



Inspector General

KING PHARMACEUTICALS, INC.

The National Association of Medicaid Fraud Control Units (“NAMFCU”) and District of Columbia Office of the Inspector General announced on November 1, 2005 that the District of Columbia will recover \$147,724.60 as part of a \$124 million settlement with King Pharmaceutical, Inc., a pharmaceutical company that incorrectly reported prices to the government for several of its drugs. As a result, King paid millions of dollars less in rebates to government entities, including state Medicaid programs. According to Inspector General Charles J. Willoughby, the settlement is the result of data collection and analysis conducted by the Medicaid Fraud Control Unit, one of four divisions of his office. The D.C. Medicaid Fraud Control Unit, directed by Susan Bieber Kennedy, is one of 49 such Units that participated in the settlement.

King Pharmaceuticals Inc., a Tennessee-headquartered manufacturer of generic drugs, entered into civil agreements to address allegations that, from 1994 through 2002, King had not accurately calculated drug prices reported to the federal government for establishing rebates due to state Medicaid programs under the federal Medicaid drug rebate statute. As a result of these incorrect price calculations, Medicaid and other programs that were due rebates from King Pharmaceuticals were underpaid some \$62 million nationwide. The settlements include a double damages penalty, resulting in the total settlement figure of \$124 million.

As part of the settlement, the District of Columbia will recover \$147, 724.60 for the District Medicaid Program; \$45, 798.87 of that amount will be paid directly to D.C., with the balance going to the federal government to reimburse its share of the Medicaid costs.

The civil settlements with King Pharmaceuticals further require the company to enter into a Corporate Integrity Agreement with the Office of the Inspector General of the U.S. Department of Health and Human Services, in order to monitor the company’s operations and ensure compliance with the law in the future.

The NAMFCU state settlement team was led by the Directors of the Delaware, Florida and Missouri Medicaid Fraud Control Units and Assistant Attorneys General from Massachusetts and New York MFCUs.

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