

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



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District of Columbia settles with drug maker Glaxo SmithKline in \$149 million National Settlement

RESOLVES ALL ALLEGATIONS OF DRUG PRICING PRACTICES THAT INFLATED COSTS TO MEDICARE, MEDICAID.

District of Columbia Inspector General Charles J. Willoughby today announced he had reached a settlement with pharmaceutical giant Glaxo SmithKline to resolve allegations that it improperly inflated the “average whole sale price” paid by government health plans for certain of its prescription drugs. This settlement, in conjunction with an earlier federal settlement and corresponding agreements in 39 other states, resulted in Glaxo’s agreement to repay \$138 million to Medicare and \$23 million to Medicaid, \$17,469 of which will be paid to D.C.’s Medicaid program

The conduct at issue concerned Glaxo’s reporting of benchmark pricing data that was used by Medicare and Medicaid to set reimbursement amounts for its drugs Kytril and Zofran, injectible anti-nausea drugs used in connection with chemotherapy. According to the government allegations, Glaxo had increased the reported prices for these products to create a “spread” between what purchasers actually paid and what federal and state health programs would pay. This “spread” could then be offered as an inducement to physicians or other drug purchasers to choose Glaxo products.

As part of the settlement, Glaxo will be required to report to the D.C. Medicaid Program two certified and federally defined prices that are currently used in connection with the Medicaid rebate program and Medicare part B reimbursement. Such prices were not previously available to the State which can now use them to evaluate what it is paying for drugs and to determine if alternative reimbursement methodologies are necessary. Glaxo must also enter into a Corporate Integrity Agreement with the Office of the Inspector General of the U.S. Department of Health and Human Services, and submit to monitoring of the companies compliance with law in the future.

The settlement was handled by Attorney Dangkhwa Nguyen and Auditor Clark Geiger of the Medicaid Fraud Control Unit at the D.C. Office of the Inspector General.