

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



Inspector General

February 15, 2008

**Aventis Pharmaceuticals Inc. Held Accountable for Defrauding State Medicaid Programs  
in a Drug Pricing Scheme**

Inspector General Charles J. Willoughby announced that the District of Columbia is part of the settlement in which Aventis Pharmaceuticals, Inc. (Aventis) has agreed to pay \$22.7 million plus interest to the United States, the District of Columbia and 38 States to settle claims that it defrauded the states' Medicaid programs through its drug pricing and marketing practices. An investigation conducted by the United States Department of Justice (DOJ) and the National Association of Medicaid Fraud Control Units (NAMFCU) revealed that Aventis caused false claims to be submitted to federal healthcare programs by inflating the average wholesale price (AWP) of their drug, Anzemet, which is used in oncology and radiation treatment to prevent nausea and vomiting. The investigation arose from a *qui tam* complaint filed by a whistleblower who alleged that Aventis' drug pricing and marketing schemes violated the federal False Claims Act.

From September 1, 1997 through June 30, 2004, Aventis allegedly "marketed the spread" on Anzemet in order to increase its market share for Anzemet and increase its profits. The "spread" was the difference between the amount the healthcare provider (pharmacies, hospitals, doctors, etc.) was required to pay the pharmaceutical company for the drug and the amount the healthcare provider was reimbursed by Medicaid. Under the scheme, the healthcare provider billed Medicaid for the inflated AWP and then kept the spread. The spread between the AWP and the discounted price was marketed to healthcare providers as a way of increasing the healthcare providers' profits when they received reimbursement for the drug from Medicaid. This practice was also used by Aventis to increase market share for the drug.

The federal and state civil settlement agreements require Aventis to pay \$22.7 million plus interest to the Medicaid program. Additionally, Aventis has entered into a Corporate Integrity Agreement with the Office of Inspector General for the United States Department of Health and Human Services to ensure Aventis' future compliance with price reporting requirements. Under the terms of the settlement agreements, the United States received \$12,500,000 of that amount, and the remaining \$10,220,000 will be distributed to the states. DC's participation in the settlement resulted in a total recovery of \$44,762.59 for the DC Medicaid Program.