

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

Inspector General  
March 18, 2008



**District of Columbia Office of Inspector General Recovers \$514, 621.53 from  
CVS/Caremark**

CVS/Caremark Corporation has agreed to pay \$514,621.53 to the District of Columbia Medicaid Program to settle allegations of improper billing, District of Columbia Inspector General Charles J. Willoughby announced today. The payment, part of a \$36.7 million settlement with the United States, 23 states and the District of Columbia, resolves claims that CVS violated various state and federal statutes and regulations by switching dosage forms of ranitidine, an antacid medication commonly prescribed for individuals with peptic ulcers.

CVS/Caremark, which currently operates retail pharmacies in 38 states, furnishes pharmacy services to Medicaid recipients in the District of Columbia. Today's settlement follows a joint federal-state investigation into allegations that CVS, from April 1999 through 2006, filled prescriptions for numerous Medicaid recipients by aggressively switching dosage forms of ranitidine (the generic form of Zantac, a commonly prescribed anti-ulcer medication), and that this conduct violated various federal and state statutes and regulations. The investigation showed that these switches caused Medicaid programs nationwide to pay CVS substantially more for ranitidine than they otherwise would have. The substitution of the ranitidine capsules for tablets resulted in higher payments under the automated Medicaid reimbursement system, with no corresponding medical benefit to the individuals receiving the prescriptions. The settlement resolves allegations that CVS made wholesale switches of ranitidine dosage forms without physician involvement and therefore violated numerous state regulations governing pharmaceutical dispensing.

In addition to the payment of cash settlements to the state and federal governments, CVS/Caremark has agreed to the terms of a Corporate Integrity Agreement (“CIA”) with the Office of the Inspector General of the United States Department of Health and Human Services. The CIA will include provisions that will ensure that CVS does not switch dosage forms of medications if the result would increase the costs to third-party payers, including Medicaid, and will subject the company’s billing practices to ongoing federal scrutiny.

The settlement was the result of negotiations jointly conducted by the United States Attorney’s Office for the Northern District of Illinois and the National Association of Medicaid Fraud Control Units, with representatives of the attorneys general of Massachusetts, Ohio, Illinois, New York and Maine leading the effort for the states.

Inspector General Willoughby commended the staff of the Medicaid Fraud Control Unit for their work on this matter, including Director Susan Bieber Kennedy, Attorney Stuart Silverman, and Auditor Clark Geiger.