

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

Inspector General  
March 22, 2010



**PHARMACEUTICAL COMPANY PAYS \$42.5 MILLION TO RESOLVE**  
**FRAUD ALLEGATIONS**

Inspector General Charles J. Willoughby announced today that the District of Columbia has joined several states and the federal government to reach an agreement in principle with pharmaceutical manufacturer, Alpharma Inc., to settle allegations that Alpharma caused false or fraudulent claims for Kadian to be submitted to the Medicaid program. Kadian is a sustained release morphine sulfate product used for the management of moderate to severe pain. Under the agreement, Alpharma agreed to pay the participating states and the United States \$42.5 million, plus interest. Medicaid programs nationwide will receive approximately \$19.2 million of the total settlement. D.C. will receive a portion of the settlement. Medicaid is funded jointly by the federal and state governments.

The District of Columbia alleged that during the period of January 1, 2000, through December 29, 2008, Alpharma offered and paid for training programs, consulting forums, research grants, and speakers' bureaus, and made or disseminated false statements about the safety and efficacy of Kadian, all of which was done to induce health care providers to prescribe Kadian.

The investigation was initiated by a lawsuit filed under the *qui tam* provisions of the False Claims Act. This action is pending in the United States District Court for the District of Maryland.

A team representing the National Association of Medicaid Fraud Control Units participated in the investigation and conducted settlement negotiations with Alpharma on behalf of the states. Team members included representatives from South Carolina, Texas, Florida, Vermont, and Arkansas.