

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General



Inspector General
September 25, 2013

**DRUG MANUFACTURER AMGEN AGREES TO PAY MEDICAID PROGRAM
NEARLY \$11 MILLION TO RESOLVE FALSE CLAIM PRICING CASE**

Inspector General Charles J. Willoughby announced today that the District of Columbia, as part of a national settlement against the drug manufacturer Amgen, Inc., has resolved allegations that Amgen violated certain state false claims acts, by reporting inflated pricing data for its prescription drugs Aranesp, Enbrel, Epogen, Neulasta, Neupogen, and Sensipar, causing the District and the other settling states' Medicaid programs to overpay for those drugs.

The drug pricing data at issue in this settlement concerns the "Average Wholesale Price" (AWP) and "Wholesale Acquisition Cost" (WAC) benchmarks used by most states' Medicaid programs, including the District's, to set pharmacy reimbursement rates for pharmaceuticals dispensed to state Medicaid beneficiaries. The District and 35 other states alleged that Amgen reported inflated AWP and WAC pricing data to First Data Bank and other drug pricing compendia, thereby creating an artificially inflated "spread" between the price for which Medicaid providers dispensed the named drugs to beneficiaries and the price at which the states reimbursed providers for those drugs. The states further alleged that after creating the inflated spread, Amgen marketed that spread to Medicaid providers in order to boost Amgen's sales of the named drugs.

The District's recovery pursuant to this national, multi-state settlement is \$254,290.

The District of Columbia was represented by a national settlement team comprised of state attorneys and analysts from New York, California, Illinois, Indiana, and North Carolina working through the National Association of Medicaid Fraud Control Units. Inspector General Willoughby acknowledged the Department of Health Care Finance for providing data for analysis, and Medicaid Fraud Control Unit attorney Elaine Block and auditor LaShawn Brooks for their work on this matter.