

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



Inspector General  
September 25, 2013

**SANOFI US PAYS MORE THAN \$615,000 TO RESOLVE MEDICAID  
KICKBACK ALLEGATIONS**

Inspector General Charles J. Willoughby announced on August 23, 2013, that the District of Columbia has joined with other states to settle allegations that Sanofi US (Sanofi) paid kickbacks to physicians to purchase and prescribe its product Hyalgan, in violation of the federal Anti-Kickback Statute and various state anti-kickback laws. The settlement resolves allegations that Sanofi offered and provided “free” Hyalgan units with knowledge that physicians could obtain reimbursement from D.C.’s Medicaid Program, and/or knew that the units were not in fact “free” because they were offered only in exchange for purchasing additional quantities of Hyalgan. In addition, the government investigated allegations that Sanofi’s price reports resulted in the submission of inflated “Average Sales Price” (ASP) information to the government, resulting in inflated Medicaid reimbursement for Hyalgan in states that used ASP to calculate reimbursement rates for the product.

Sanofi, a New Jersey-based company, will pay the participating state Medicaid programs a total of approximately \$617,000 (federal and state shares). This settlement resulted from a whistleblower lawsuit filed in the United States District Court for the District of Massachusetts. The United States announced its settlement of the case in December 2012.

Hyalgan is an injectable product sold in a syringe or vial, and has been approved by the U.S. Food and Drug Administration for the treatment of knee pain associated with osteoarthritis. A physician typically purchases Hyalgan from the manufacturer or distributor and maintains the inventory in his or her office. Each time Hyalgan is administered to a Medicaid patient, the physician submits a claim for reimbursement for the procedure to the Medicaid program. The whistleblower’s complaint alleged that because of the “buy and bill” nature of reimbursement for Hyalgan, a physician’s prescribing behavior can be improperly influenced by kickbacks paid in the form of free product.

A National Association of Medicaid Fraud Control Units (NAMFCU) Team conducted settlement negotiations with Sanofi US on behalf of the states, and included representatives from the Offices of the Attorneys General for the states of Alabama, Indiana, Massachusetts, Ohio and Texas. Mr. Willoughby acknowledged Medicaid Fraud Control Unit attorney Elaine Block and auditor E-Rika Sellers for their work on this matter.