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**WALGREENS PAYS \$140,000 TO SETTLE
ALLEGATIONS UNDER THE FALSE CLAIMS ACT**

United States Attorney David B. Fein and Connecticut Attorney General George Jepsen today announced that The WALGREEN CO., a nationwide retail pharmacy chain, has entered into a civil settlement with the federal and state governments in which it will pay \$140,000 to resolve allegations that it violated the False Claims Act and common law.

The allegations against The WALGREEN CO. (“Walgreens”) involve fraudulent billing to Medicaid and the Connecticut ConnPACE Program for prescription drugs. It is alleged that Walgreens submitted duplicate or multiple claims to Medicare and Medicaid or ConnPACE for some or all of the cost of prescription drugs provided to individuals who were dually eligible for Medicare Part D as the primary payor, and Medicaid or ConnPACE as the secondary payor.

“The Medicare and Medicaid programs rely on pharmacies to bill honestly and accurately, and the U.S. Attorney’s office is committed to vigorously pursuing health care providers that submit fraudulent claims to federal health care programs,” said U.S. Attorney Fein.

Attorney General George Jepsen agreed. “Health care providers, such as Walgreens, must be especially vigilant about billing taxpayer-funded programs accurately for goods and services for the elderly, the disabled, and the needy. ‘Double billing’ the federal and state government for medications is simply unacceptable,” Jepsen said.

“The billing errors were detected by the Department of Social Services’ pharmacy service unit and confirmed through our quality assurance/audit process,” said Social Services Commissioner Roderick L. Bremby. “In this situation, Walgreens did not have adequate controls in place to identify it was getting paid twice for the same claims – by both Medicaid and Medicare. This demonstrates the ever-important need for program integrity oversight by government and law enforcement authorities, as well as meticulous care by our enrolled pharmacy providers.”

A “dually eligible” claim refers to a prescription that must be billed to more than one

insurance company - a payor with primary responsibility for the claim and a payor with secondary responsibility to pay what the primary payor did not pay.

As a general rule, individuals who were “dually eligible” had access to Medicare Part D as the primary payor of their prescription claims, and either the Connecticut Medicaid program or the Connecticut ConnPACE program as the secondary payor of their prescription claims.

Medicare Part D was usually responsible for 80 percent of the cost of the drug, unless Medicare Part D did not cover the cost of the drug. Medicaid or ConnPACE would pay for the remaining 20 percent, or the “co-pay,” unless the drug was not covered by Medicare Part D, in which case the state program would pay the full cost of the drug, if covered under the state programs. The government alleges that Walgreens had charged the full cost of prescription drugs both to the primary payor (Medicare Part D) and to the secondary payor (the Connecticut Medicaid program or the Connecticut ConnPACE program).

To resolve its liability under the False Claims Act, Walgreens has paid \$140,000 in order to reimburse the Medicaid and ConnPACE programs for conduct occurring between June 1, 2006 through and including August 31, 2008.

This matter was investigated by the Office of Inspector General for the Department of Health and Human Services. The case was prosecuted by Assistant United States Attorney Anne F. Thidemann and Auditor Kevin A. Saunders of the United States Attorney’s Office, and by Assistant Attorney General Karla A. Turekian for the state Office of the Attorney General, with the assistance of the state Department of Social Services.

In entering into the civil settlement agreement, Walgreens did not admit liability.

U.S. Attorney Fein encouraged individuals who suspect health care fraud to report it by calling the Health Care Fraud Task Force at (203) 785-9270 or 1-800-HHS-TIPS.

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