

Aventis Pharmaceuticals to Pay U.S. \$95.5 Million to Settle False Claims Act Allegations

5/28/2009

WASHINGTON, May 28 /PRNewswire-USNewswire/ -- Aventis Pharmaceutical Inc., a wholly owned subsidiary of sanofi-aventis U.S. LLC, has agreed to pay the United States \$95.5 million to settle allegations that it violated the False Claims Act by misreporting drug prices in order to reduce its Medicaid Drug Rebate obligations, the Justice Department announced today.

The settlement resolves allegations that between 1995 and 2000, Aventis and its corporate predecessors knowingly misreported best prices for the steroid-based anti-inflammatory nasal sprays Azmacort, Nasacort and Nasacort AQ. Under the Medicaid Drug Rebate Statute, Aventis was required to report to Medicaid the lowest, or "best" price that it charged commercial customers, and pay quarterly rebates to the states based on those reported prices.

In order to avoid triggering a new best price that would obligate it to pay millions of dollars in additional drug rebates to Medicaid, Aventis entered into "private label" agreements with the HMO Kaiser Permanente that simply repackaged Aventis's drugs under a new label. As a result, Aventis underpaid drug rebates to the Medicaid program and overcharged certain Public Health Service entities for these products.

"This agreement reflects our commitment to ensuring that Aventis and other drug companies fulfill their obligations under the Drug Rebate Statute to accurately report pricing information and pass the savings along to the Medicaid program," said Tony West, Assistant Attorney General for the Department's Civil Division. "We will continue to ensure that programs for the most vulnerable portions of our population do not pay any more for pharmaceutical products than they should under the law."

"We will continue to be vigilant in investigating and prosecuting those who scam the Medicaid system - a system that is meant to benefit the poor," said Michael K. Loucks, Acting U.S. Attorney for the District of Massachusetts. "When a drug company agrees to be a provider to the Medicaid programs, it agrees to sell its drugs to them at the same price it gives its best customers. We will, as here, pursue those who break their promises."

Out of the settlement amount, the federal recovery is approximately \$49 million. Aventis will also pay over \$40 million to the Medicaid participating states, and over \$6 million to certain public health services entities who paid inflated prices for the drugs at issue.

As part of today's settlement, sanofi-aventis and the Office of Inspector General of the Department of Health and Human Services entered into an Addendum to sanofi-

aventis's existing Corporate Integrity Agreement that requires the company to report certain best price information for drugs covered by Medicaid and other health care programs. The Agreement already in place requires the company to report other pricing information to the government as a result of a prior drug pricing settlement concerning the company's drug Anzemet.

"The Medicaid program serves our nation's most vulnerable, including low-income parents, children, seniors and people with disabilities. As drug costs continue to spiral upward, we must be vigilant and ensure that pharmaceutical companies comply with all federal laws related to the Medicaid program," said Daniel R. Levinson, Inspector General of the Department of Health and Human Services. "Our agreement requires that the Aventis board members personally certify that the company's compliance program is truly effective."

The investigation was handled by the Civil Division, the U.S. Attorney's Office for the District of Massachusetts, the Department of Health and Human Services' Office of Inspector General and Office of Counsel to the Inspector General, and the National Association of Medicaid Fraud Control Units.

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