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## Department of Justice Joins Lawsuit Filed Over Alleged Prescription Drug Price Inflation

Volume 10 Issue 144

Federal prosecutors have filed a lawsuit against Boehringer Ingelheim Roxane, Inc. and related entities, alleging that the pharmaceutical company inflated prices for several of its drugs.

The Department of Justice (DOJ) says it has intervened in a “whistleblower lawsuit” filed nearly a decade ago by Florida-based Ven-A-Care, a home healthcare provider, and company shareholders, against Ohio-based Boehringer Ingelheim Roxane (BIR), a subsidiary of Connecticut-based Boehringer Ingelheim that manufactures generic medications.

The DOJ says that BIR engaged in a scheme to report fraudulent and inflated prices for several products, knowing that federal healthcare programs established reimbursement rates based on those reported prices.

The lawsuit, filed in U.S. District Court in Massachusetts, alleges that BIR, from at least on or before before Jan. 1, 1996, inflated prices reported to Medicare and Medicaid by more than 1,000% compared with the actual sales prices for some of the medications.

BIR received more than \$500 million in Medicare and Medicaid reimbursements for the medications cited in the lawsuit, DOJ said.

### **Playing “The Spread” For Profits**

The difference between the government reimbursement rates and the actual price paid by healthcare providers for a drug is referred to as the “spread.” The larger the spread on a drug, the larger the profit for the provider.

The government claims that Roxane used artificially inflated spreads to market, promote and sell the drugs to existing and potential customers. Because reimbursement from federal programs was based on the fraudulent prices, prosecutors claim that Roxane caused false claims to be submitted to federal healthcare programs.

According to a BIR spokesperson, “The company has at all times complied with the tangle of laws and rules imposed by the federal government and the 50 states for the Medicaid program and has paid millions of dollars in rebates to the states on drug purchases.”

### **Fraudulent Pricing Provides Illicit Profits**

Peter Keisler, assistant attorney general for the civil division at DOJ, said, “Fraudulent pricing practices in the pharmaceutical industry have provided illicit profits for pharmaceutical manufacturers and providers at the expense of the taxpayer. Our intervention in this lawsuit is another example of our ongoing effort to combat these practices and hold its perpetrators accountable for their misdeeds.”

Source: Department of Justice [http://www.usdoj.gov/opa/pr/2007/January/07\\_civ\\_052.html](http://www.usdoj.gov/opa/pr/2007/January/07_civ_052.html)