

Attorney General Denn Announces Resolution of Claims Against Accredo Pharmacy

Delaware Medicaid Program to receive more than \$573,000

Attorney General Matt Denn announced that Delaware settled kickback claims against Accredo Health Group, Inc. ("Accredo"). The settlement resolves allegations that Accredo recommended the drug Exjade to Medicaid patients in exchange for kickbacks from Novartis Pharmaceuticals Corporation ("Novartis"), which markets the drug. Under the settlement, Accredo has agreed to pay \$60 million to the United States and over forty states. Delaware will receive \$573,314.94 under the settlement. The money will be returned to the state's Medicaid system.

Accredo, a specialty pharmacy headquartered in Memphis, Tennessee and a wholly owned subsidiary of Medco Health Solutions, Inc., ships prescription drugs to Medicaid patients around the country. Exjade was approved by the U.S. Food and Drug Administration in late 2005 for the treatment of chronic iron overload due to blood transfusions. In complaints filed in the case, several states and the federal government have alleged that Novartis developed the scheme because Exjade patients often stopped taking the drug because of side effects. The settlement resolves allegations that Accredo participated in a scheme in which Novartis paid kickbacks to pharmacies by giving more prescription referrals to the pharmacy that kept patients on Exjade the longest.

The settlement stems from a whistleblower lawsuit, U.S. ex rel. Kester, et al. v. Novartis Pharmaceuticals Corporation,

et al., No. 11-CIV-8196, which is pending in federal court in New York. The case was filed under the federal False Claims Act and similar state false claims acts.

The state settlements were negotiated by a team of states led by representatives from the Offices of the Attorneys General for California and New York.