

# **AG Jennings announces settlement with Novartis regarding allegations of improper kickbacks**

Attorney General Kathy Jennings announced Monday that Delaware has joined the United States, twenty-seven other states, and the District of Columbia to settle allegations against Novartis Pharmaceuticals Corporation (“Novartis”). Delaware’s settlement amount of \$94,450.99 will go to the Division of Medicaid and Medicaid Assistance (“DMMA”) within the Delaware Department of Health and Social Services (“DHSS”).

“We expect pharmaceutical companies to conduct business in a legal and ethical manner,” said Attorney General Jennings. “We will continue to hold these companies accountable for compromising taxpayer dollars relied upon by Medicaid recipients through their bad acts. I’m proud of the work that our Fraud Division does in tackling fraud, waste, and abuse to protect taxpayers and the integrity of our Medicaid program throughout our state.”

The settlement resolves allegations that from January 2002 to November 2011, Novartis paid kickbacks to doctors to prescribe Lotrel, Valturna, Starlix, Tekamlo, Diovan HCT, Tekturna HCT, and Exforge HCT, and that between January 2010 and November 2011, Novartis did so for Exforge, Diovan, Tekturna. It was alleged in court documents that Novartis systemically paid doctors to speak about certain drugs at sham events, with a veneer of education applied in an attempt to avoid the law, and covered the costs of lavish meals and entertainment for attendee doctors, to induce doctors to write prescriptions for these Novartis drugs. Novartis admitted aspects of the scheme in a stipulation filed in federal court in connection with the

settlement, to include admissions concerning excessive meal and alcohol spending, minimal medical discussions at Novartis's events, and repeat attendance. This conduct violated the Federal False Claims Act, the Federal Anti-Kickback Statute, the Delaware False Claims and Reporting Act, and the Delaware Anti-Kickback Statute resulting in the submission of false claims to DMMA within DHSS.

Director Christina Kontis, Deputy Director Edward Black, and Senior Auditor Ellen Yates of the Medicaid Fraud Control Unit handled this case for Delaware.

The public can report suspected Medicaid Fraud to the DOJ's Medicaid Fraud Control Unit at (302) 577-5000 or online at [de.gov/medicaidfraud](http://de.gov/medicaidfraud).