



**Dean A. Lerner, Director**

### **Iowa Recovers \$992,416 in National Medicaid Fraud Settlement**

DES MOINES, IOWA (March 30, 2007) – Iowa Department of Inspections and Appeals (DIA) Director Dean Lerner announced recently that the State of Iowa has recovered \$992,416 following the settlement of a major Medicaid fraud case involving Schering-Plough Corporation, a Pennsylvania-headquartered manufacturer of a wide variety of pharmaceutical products. “This is one of the largest state and federal settlements to date, and settles allegations concerning the marketing and distribution of certain of its products,” Director Lerner said.

At issue in the national cases were three allegations, including: Schering’s exclusion of certain price discounts from the formula used to calculate Medicaid Program rebates and resulting underpayment of those rebates for the allergy drug Claritin Redi-Tabs and the potassium supplement K- Dur; the improper “off-label” marketing of brain cancer medication Temodar; and the company’s payment of illegal remuneration to physicians to induce them to prescribe hepatitis drugs PEG-Intron and Rebetron, and bladder cancer medication Intron-A. State and federal investigators had determined that the resulting losses to state Medicaid Programs were in excess of \$80 million, which, under the terms of the national settlement, Schering will be required to repay along with penalties, resulting in a total Medicaid recovery of \$203 million.

The civil settlements with Schering further require the company to enter into a Corporate Integrity Agreement with the Office of the Inspector General of the U.S. Department of Health and Human Services, in order to monitor the company’s operations and ensure compliance with the law in the future, the Director added.

The settlement was negotiated by the National Association of Medicaid Fraud Control Units joined in by 49 states and the District of Columbia. The Iowa Department of Inspections and Appeals’ (DIA) Medicaid Fraud Control Unit conducted the Iowa portion of the national investigation.

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*Schering Plough Hot Notice*