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AG Derek Schmidt: Kansas sues generic drug manufacturers alleging conspiracy to fix drug prices

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TOPEKA – (May 13, 2019) – Kansas, along with 42 other states and Puerto Rico, has filed a lawsuit against 20 of the nation's largest generic drug manufacturers alleging a broad conspiracy to artificially inflate and manipulate prices, reduce competition and unreasonably restrain trade for more than 100 different generic drugs, Attorney General Derek Schmidt said today.

The lawsuit, filed in U.S. District Court for the District of Connecticut, also names as defendants 15 senior executives responsible for sales, marketing, pricing and operations, and seeks damages, civil penalties and actions by the court to restore competition to the generic drug market.

The drugs at issue in the lawsuit account for billions of dollars of sales in the United States, and the alleged schemes increased prices affecting the health insurance market, taxpayer-funded healthcare programs like Medicare and Medicaid and individuals who paid artificially-inflated prices for their prescriptions drugs. In some instances, the coordinated price increases were greater than 1,000 percent.

The complaint alleges that industry executives met with each other at in-person gatherings and communicated via frequent telephone calls, emails and text messages about their illegal agreements. Throughout the complaint, defendants use terms like "fair share," "playing nice in the sandbox," and "responsible competitor" to describe how they unlawfully discouraged competition, raised prices and enforced an ingrained culture of collusion.

The complaint is the second multistate lawsuit Schmidt has filed in an ongoing, expanding investigation into generic drug price fixing. The first complaint, still pending in U.S. District Court in the Eastern District of Pennsylvania, was filed in 2016 and now includes 18 corporate defendants, two individual defendants, and 15 generic drugs. Two former executives from Heritage Pharmaceuticals, Jeffery Glazer and Jason Malek, have entered into settlement agreements and are cooperating with the attorneys general in that case.

A copy of the complaint may be found at <http://bit.ly/2E3Z2Og>.

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