



NATIONAL ASSOCIATION OF MEDICAID FRAUD CONTROL UNITS

INDIVIOR plc AND INDIVIOR INC. PAY \$300 MILLION TO SETTLE ALLEGATIONS OF IMPROPER MARKETING AND SALE OF SUBOXONE

The National Association of Medicaid Fraud Control Units (NAMFCU) announced on April 27, 2021 that 50 states, the District of Columbia and Puerto Rico have reached an agreement with Indivior plc and Indivior Inc. (collectively “Indivior”) to settle allegations that Indivior falsely and aggressively marketed and otherwise promoted the drug Suboxone, resulting in improper expenditures of state Medicaid funds, as described further below. Suboxone is a drug product approved for use by recovering opioid addicts to avoid or reduce withdrawal symptoms while they undergo treatment. Suboxone and its active ingredient, buprenorphine, are powerful and addictive opioids.

Indivior Inc. (formerly known as Reckitt Benckiser Pharmaceuticals, Inc.) is a Delaware corporation headquartered in Richmond, Virginia, and is a wholly owned subsidiary of Indivior plc. Indivior will pay a total of Three Hundred Million Dollars (\$300,000,000.00) to resolve various civil fraud allegations impacting Medicaid and other government healthcare programs, of which Two Hundred Three Million Seven Hundred Thirty-Five Thousand Eight Hundred Dollars (\$203,735,800.00) will go to Medicaid. Ninety Million Six Hundred Eighty-Two Thousand Eight Hundred Dollars (\$90,682,800.00) of this amount is to be paid to the fifty states, plus Washington D.C. and Puerto Rico, as their share of the Medicaid recovery

The civil settlement resolves allegations that, from 2010 through 2015, Indivior, directly or through its subsidiaries: (a) promoted the sale and use of Suboxone to physicians who were writing prescriptions that were not for a medically accepted indication in that they lacked a legitimate medical purpose, were issued without any counseling or psychosocial support, were for uses that were unsafe, ineffective, and medically unnecessary and that were often diverted; (b) knowingly promoted the sale or use of Suboxone Sublingual Film based on false and misleading claims that Suboxone Sublingual Film was less subject to diversion and abuse than other buprenorphine products and that Suboxone Sublingual Film was less susceptible to accidental pediatric exposure

than Suboxone Sublingual Tablets; and (c) submitted a petition to the Food and Drug Administration on September 25, 2012, fraudulently claiming that Suboxone Tablet had been discontinued “due to safety concerns” about the tablet formulation of the drug and took other steps to fraudulently delay the entry of generic competition for various forms of Suboxone in order to improperly control pricing of Suboxone, including pricing to the states’ Medicaid programs.

The civil settlement resolves the claims against Indivior brought in six qui tam lawsuits pending in federal courts in the Western District of Virginia and the District of New Jersey. Regarding the federal criminal case against Indivior, on July 24, 2020, Indivior Solutions pleaded guilty to a one-count felony information and, together with its parent companies Indivior Inc and Indivior plc, agreed to pay a total of \$289 million to resolve criminal liability associated with the marketing of Suboxone. In its guilty plea, Indivior Solutions admitted to making false statements to promote Suboxone Film to the Massachusetts Medicaid program relating to the safety of Suboxone Film around children. On November 12, 2020, U.S. District Judge James P. Jones of the Western District of Virginia sentenced Indivior Solutions to pay \$289 Million in criminal fines, forfeiture, and restitution. In addition to the criminal and civil resolutions, Indivior executed a five-year Corporate Integrity Agreement with the U.S. Department of Health and Human Services-Office of Inspector General, requiring Indivior to implement numerous accountability and auditing provisions.

On June 30, 2020, Indivior plc’s former CEO Shaun Thaxton pleaded guilty to a one-count misdemeanor information related to the same conduct. On October 22, 2020, the court sentenced Thaxton to a six-month term of incarceration and \$600,000 in criminal fines and forfeiture. On August 26, 2020, Indivior’s former medical director, Tim Baxter, pleaded guilty to a one-count misdemeanor information related to the same conduct, conduct for which he was sentenced on December 17, 2020 to six months home detention, 100 hours of community service, and a \$100,000 criminal fine.

This present settlement follows the Reckitt Benckiser Group plc (“Reckitt”) \$1.4 Billion settlement with the federal government and the states in 2019, which resolved Reckitt’s potential criminal and civil liability related to substantially similar allegations involving Suboxone. The 2019 settlement resulted in a total civil settlement of Seven Hundred Million Dollars (\$700,000,000.00), of which

Four Hundred Million Dollars (\$400,000,000.00) was paid to the federal and state governments to resolve Medicaid fraud allegations resolved in the settlement.

A NAMFCU Team participated in settlement negotiations. The Team included representatives from the Offices of the Attorneys General for the states of California, Indiana, New York, Ohio, Virginia, and Washington, and is the same team that earlier worked on the Reckitt settlement.