



# NATIONAL ASSOCIATION OF MEDICAID FRAUD CONTROL UNITS

## **\$678 MILLION NATIONAL KICKBACK SETTLEMENT WITH NOVARTIS PHARMACEUTICALS**

The National Association of Medicaid Fraud Control Units announced on July 1, 2020 that 27 states and the District of Columbia have joined with the federal government to settle allegations against Novartis Pharmaceuticals Corporation (“Novartis”) by reaching an agreement in principle. The proposed settlement will resolve allegations that Novartis paid kickbacks to health care practitioners in the form of cash, meals, entertainment, and honoraria payments to induce them to prescribe various medications that treat hypertension or Type 2 Diabetes. The total value of the settlement is \$678 million.

The settlement resolves allegations that from January 2002 and November 2011, Novartis paid kickbacks to doctors to prescribe Lotrel, Valtorna, Starlix, Tekamlo, Diovan HCT, Tekturna HCT, and Exforge HCT, and that between January 2010 and November 2011, Novartis also did so for Exforge, Diovan and Tekturna. In court documents it was alleged 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 in violation of federal and state statutes.

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 spend, minimal medical discussions at Novartis’s events and repeat attendance.

This settlement arises from a whistleblower action originally filed in 2011 in the United States District Court for the Southern District of New York under the federal False Claims Act and the named plaintiff states’ respective false claims/anti-fraud statutes. A NAMFCU team participated in the investigation and finalized the settlement with Novartis on behalf of the states. The NAMFCU Team was comprised of representatives from the Offices of the Attorneys General for the states of California, Illinois, New York, Texas, Virginia, and Wisconsin.