



NATIONAL ASSOCIATION OF MEDICAID FRAUD CONTROL UNITS

CARDINAL HEALTH AGREES TO PAY MORE THAN \$13 MILLION TO RESOLVE ALLEGATIONS THAT IT PAID KICKBACKS TO PHYSICIANS

The National Association of Medicaid Fraud Control Units (NAMFCU) announced on January 31, 2022, that 19 states have joined the federal government to settle allegations of fraud involving Cardinal Health, Inc., a wholesaler of pharmaceutical products that is alleged to have violated the Federal and various State False Claims Acts by paying “upfront discounts” to physician practice customers, in violation of the Ant-Kickback Statute (“AKS”). Cardinal Health, Inc. has agreed to pay \$13,125,000.00 to resolve these claims.

The settlement resolves allegations that from February 1, 2013, through January 15, 2022, Cardinal Health made payments to physician practices, which they often characterized as “upfront discounts,” “upfront rebates,” or “transition rebates.” Physician practices were paid before they purchased certain pharmaceuticals, but the payments either were not attributable to identifiable sales of pharmaceutical products or were purported rebates that the customers had not actually earned. It was alleged that the purpose of these upfront payments was to induce the physician practices to purchase specialty physician-administered oncological or hematological pharmaceuticals paid for by federal and state health care programs, including (State's) Medicaid Program from Cardinal Health, instead of from competitors, in violation of the AKS. The settlement resolves the governments' allegations that the company's conduct violated the Federal False Claims Act and the state False Claims Statutes, causing the submission of false claims to the (State) Medicaid program.

This settlement results from a pair of whistleblower lawsuits originally filed in the United States District Court for the District of Massachusetts. A NAMFCU Team participated in the settlement negotiations on behalf of the states and included representatives from the Offices of the Attorneys General for the states of Florida, Indiana, Massachusetts, Michigan, and Tennessee
