

# Drug companies to pay 421 million USD for price scam

December 7 2010

---

Three pharmaceutical companies have agreed to pay 421 million dollars for reporting inflated drug prices to the US government, officials said Tuesday.

The [Justice Department](#) said that Abbott Laboratories, Roxane Laboratories, a US-based subsidiary of a German firm, and German drug maker Braun Medical Inc all agreed to pay the fines.

The three companies are accused of artificially inflating the prices of the drugs reimbursed by the federal government under the Medicare and Medicaid health care programs for elderly and low-income Americans.

Tony West, Assistant Attorney General for the Justice Department's Civil Division, said the companies were guilty of "offering their customers one price and then falsely reporting a greatly inflated price to the lists the government uses when determining how much to pay for the drugs," he said.

The fraud led to the government overpaying reimbursements by hundreds of millions of dollars, according to officials.

"[Pharmaceutical companies](#) created an incentive for the purchase of their drugs, since buyers could obtain government payment at the inflated price and pocket the difference," said West.

Authorities said, however, that they have recovered the overcharges and

more in its settlements with offending companies over the unlawful pricing schemes.

Since January 2009, officials said they have reclaimed more than nine billion dollars in cases alleging false claims -- about half of those funds from fraud related to federal health care programs.

West said the price inflation scams are a drain on [government](#) coffers and hurt health programs intended for the sick and elderly.

"Taxpayer-funded kickback schemes like this not only cost federal health care programs millions of dollars, they threaten to undermine the integrity of the choices [health care providers](#) make for their patients," he said.

(c) 2010 AFP

Citation: Drug companies to pay 421 million USD for price scam (2010, December 7) retrieved 27 April 2024 from

<https://medicalxpress.com/news/2010-12-drug-companies-million-usd-price.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--