

NY lawsuit accuses Novartis of health care fraud

April 24 2013, by Larry Neumeister

The U.S. government sued Novartis Pharmaceuticals Corp. Tuesday, claiming it gave kickbacks to pharmacies to switch kidney transplant patients from competitors' drugs to its own.

The civil [health care fraud](#) lawsuit in U.S. District Court in Manhattan seeks unspecified damages and civil penalties for a scheme that the government said has been carried out since 2005.

U.S. Attorney Preet Bharara said the company used the "lure of kickbacks disguised as rebates" to turn 20 or more pharmacies into a sales force for its drug, Myfortic. He said the company's actions caused the public to pay tens of millions of dollars for kickback-tainted drugs dispensed by pharmacists who had buddied up to [Novartis](#).

Bharara said Novartis is a repeat offender, having settled [fraud charges](#) based on kickbacks less than three years ago.

Novartis said in a statement that it disputes the claims and will defend itself. It said the investigation into the company's interactions with specialty pharmacies related to the handling of Myfortic had been previously disclosed.

"As a leading healthcare company, Novartis strives to achieve high performance with high integrity. NPC is committed to high standards of ethical business conduct and regulatory compliance in the sale and marketing of our products," the company said.

In its lawsuit, the government said Novartis had disguised kickbacks as performance rebates and discounts to convince pharmacies to switch patients to Myfortic from competitor's drugs and to oppose the use of a cheaper, generic immunosuppressant drug.

The government said Novartis offered one pharmacist in Los Angeles a "bonus" rebate amounting to several hundred thousand dollars to induce the [pharmacist](#) to "shoulder the burden" of switching 700 to 1,000 transplant patients to Myfortic.

According to the lawsuit, Novartis found it was highly profitable to pay pharmacies even 10 percent to 20 percent kickbacks in exchange for switching transplant patients.

The government said the arrangement violated the federal anti-kickback statute prohibiting the offer or payment of rebates and other inducements to cause the purchase of any drug or service covered by Medicare, Medicaid or other healthcare program.

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