

Authorities in US sue Novartis in kickback scheme

January 9 2014, by Jake Pearson

Novartis Pharmaceuticals Corp. paid kickbacks to a specialty pharmacy in exchange for recommending refills of a blood transfusion drug it produces, according to an amended complaint filed Wednesday in a civil case brought by state and federal prosecutors in New York.

The East Hanover, New Jersey-based company boosted its sales of the iron-reduction drug Exjade by giving referrals and rebates to pharmacy BioScrip, which recommended refills to its [patients](#) but often ignored warning them of the drug's potentially fatal side effects, which include kidney failure and gastrointestinal hemorrhaging, according to the complaint filed in Manhattan federal court.

BioScrip, based in Elmsford, New York, agreed to pay \$15 million to settle charges that it caused pharmacies to submit tens of thousands of false claims to Medicare and Medicaid, New York Attorney General Eric T. Scheniderman said.

"This arrangement between Novartis and BioScrip was dangerous for patients and is against the law," he said in a statement. "Our lawsuit against Novartis and our agreement with BioScrip send a clear message: Drug companies cannot pay pharmacies to promote drugs directly to patients."

In a statement, Novartis disputed the allegations and said it would defend itself against the litigation.

"At NPC, patients are the focus of all that we do," said company president Andre Wyss. "We want to support the best possible outcome for a patient taking a Novartis medication prescribed by their physician."

A spokesman for BioScrip didn't return a message seeking comment.

As part of its settlement with the government, BioScrip said that, beginning in 2007, Novartis told the pharmacy its refills for Exjade patients were too low and that it would lose referrals if it didn't raise its numbers, according to court documents.

The pharmacy, using employees in an Ohio call center, encouraged patients—some who had stopped using the drug—to refill their Exjade orders, according to the lawsuit.

The lawsuit seeks tens of millions of dollars in Medicare and Medicaid reimbursements.

Last April, [federal prosecutors](#) sued Novartis, accusing it of using kickbacks disguised as rebates to turn 20 or more pharmacies into a sales force for its own drug, Myfortic, which is used for [kidney transplant patients](#).

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