

Pfizer to pay \$785 mn for overcharging US government on drugs

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US authorities said Wednesday that drug giant Pfizer had agreed to pay nearly \$785 million to settle allegations that one of its units overcharged the government for anti-acid drugs.

Wyeth, the unit, was accused of knowingly reporting to the government false and fraudulent prices for two forms of Protonix, a drug notably used to treat symptoms of acid reflux, from 2001 at 2006, before it was acquired by Pfizer in 2009, the Justice Department said.

Wyeth failed to report deep discounts on the two drugs it made available to thousands of hospitals nationwide, and as a result wrongfully avoided paying "hundreds of millions of dollars" in rebates to Medicaid, the government health insurance provider for the poor and people with disabilities, the department said .

"As part of the settlement, Wyeth and Pfizer do not deny the government's allegations," it said.

Under the Medicaid program, drug companies must report to the government the best prices they offer other customers for their brand-name drugs.

Based on those prices, the drug companies pay rebates to the state Medicaid programs so that Medicaid receives the same discounts drug companies offer to other large customers.

Under the terms of the settlement, Wyeth will pay \$413.2 million to the federal government and \$371.4 million to state Medicaid programs.

Pfizer had disclosed the pending \$784.6 million settlement in February and booked a charge for it in the fourth quarter of 2015.

"We are pleased to have finalized the agreement to resolve these cases, which involve historic conduct that occurred at least 10 years ago, before we acquired Wyeth," said Doug Lankler, Pfizer's general counsel, in an emailed statement.

"The resolution of these claims reflects our desire to put these historic cases behind us and to focus on the needs of patients."

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