



# Attorney General Doug Peterson

# News Release

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## **ASTRAZENECA PHARMACEUTICALS, LP AND CEPHALON, INC. SETTLE ALLEGATIONS THAT THEY OVERCHARGED THE STATE MEDICAID PROGRAMS FOR DRUGS**

**ASTRAZENECA PAYS \$46.5 MILLION, CEPHALON \$7.5 MILLION  
IN NATIONWIDE CIVIL SETTLEMENT**

Today, Nebraska Attorney General Doug Peterson announced that the State of Nebraska has joined with other states and the federal government to settle allegations that AstraZeneca Pharmaceuticals, LP and Cephalon, Inc., overcharged the states' Medicaid programs for various drugs. The investigation resulted from a whistle-blower lawsuit filed in federal court in Pennsylvania. AstraZeneca, a London and Delaware-based pharmaceutical manufacturer, has paid the states and the federal government \$46.5 million to resolve allegations against the company. Cephalon, a Pennsylvania-based subsidiary of Teva Pharmaceuticals Industries, Ltd., has paid the states and the federal government \$7.5 million to settle similar allegations.

These settlements resolve allegations that AstraZeneca and Cephalon underpaid drug rebates owed to the states. Under a federal law known as the Medicaid Drug Rebate Program, drug manufacturers must periodically return a portion of the amount paid by state Medicaid programs for the manufacturers' drugs. The rebate program is designed to ensure that states pay competitive prices for drugs, and the rebates for a manufacturer's drugs are calculated based on a percentage of the average prices drug wholesalers pay for each of the drugs. The whistleblower's complaint alleged that AstraZeneca and Cephalon improperly treated certain fees paid to wholesalers as "discounts," and that the effect of this accounting practice was to falsely decrease the average manufacturer's price (AMP) the companies reported to the federal government, improperly decreasing the rebates paid to the states.

As part of the settlement the State of Nebraska will receive more than \$350,000 from AstraZeneca and another \$105,000 from Cephalon. A National Association of Medicaid Fraud Control Units (NAMFCU) Team participated in the investigation and conducted the settlement negotiations with AstraZeneca and Cephalon on behalf of the states.

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