



Attorney General Doug Peterson

News Release

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ATTORNEY GENERAL DOUG PETERSON ANNOUNCES KICKBACK SETTLEMENT WITH NOVARTIS PHARMACEUTICALS CORPORATION

Attorney General Doug Peterson announced today that the State of Nebraska reached an agreement in principle to settle kickback claims against Novartis Pharmaceuticals Corporation. The settlement will resolve allegations that Novartis provided kickbacks to certain specialty pharmacies in exchange for recommending the drug Exjade to Medicaid and Medicare patients. Under the settlement, Novartis has agreed to pay \$390 million to the United States and over 40 states. Nebraska will receive more than \$420,000 under the settlement.

Novartis manufactures Exjade which was approved by the U.S. Food and Drug Administration for the treatment of chronic iron overload due to blood transfusions. After launching the drug, Novartis marketed Exjade as a treatment for patients with a number of underlying conditions that affect blood cells or bone marrow, such as sickle cell disease.

The settlement resolves allegations that between 2007 and 2012 Novartis paid kickbacks to three specialty pharmacies – BioScrip, Accredo, and US Bioservices. The pharmacies were selected by Novartis to be part of a closed distribution network through which most Exjade prescriptions in the United States were filled. Novartis had significant control over how many patient referrals each pharmacy received. The whistleblowers alleged that Novartis paid kickbacks to the pharmacies to corrupt the pharmacies' interactions with patients by inducing the pharmacies to exaggerate the dangers of not taking Exjade, emphasize Exjade's benefits, and downplay the severity of Exjade's side effects. The scheme began after Exjade failed to meet Novartis' internal sales goals and Novartis discovered that refill rates for Exjade were lower than anticipated.

The settlement was reached by the U.S. Department of Justice and by a team appointed by the National Association of Medicaid Fraud Control Units, including assistant attorneys general from California, Indiana, New York, Oklahoma, Washington, and Wisconsin.

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Suzanne Gage
Director of Communications
Nebraska Attorney General
Office: 402-471-2656
Mobile: 402-560-3518
Suzanne.gage@nebraska.gov