

Omnicare, Inc., the nation's largest provider of pharmaceuticals and pharmacy services to nursing homes, recently agreed to pay \$124.4 million to settle a whistleblower suit. The government asserted that Omnicare offered improper financial incentives to skilled nursing facilities in return for their continued selection of Omnicare to supply drugs to elderly Medicare and Medicaid beneficiaries.

The settlement resolves claims that Omnicare submitted false claims by entering into below-cost contracts to supply prescription medication and other pharmaceutical drugs to skilled nursing facilities and their resident patients to induce the facilities to select Omnicare as their pharmacy provider. The facilities were participating providers under agreements with Medicare and Medicaid. In addition to the facilities' own claims for reimbursement from Medicare for short-term rehabilitation treatment provided patients, Omnicare submitted claims for reimbursement to Medicare and Medicaid for drugs that Omnicare supplied.

The settlement resolves allegations brought forward in two whistleblower lawsuits brought under the qui tam provisions of the False Claims Act. Under the Act, private parties may serve as whistleblowers and bring suit on behalf of the government and share in any recovery obtained. The first whistleblower in the Omnicare case will receive \$17.24 million.

The settlement is another victory for the government's Health Care Fraud Prevention and Enforcement Action Team (HEAT) initiative, announced in May 2009 by Attorney General Eric Holder and Secretary of Health and Human Services Kathleen Sebelius. The partnership between the two agencies has focused efforts to reduce and prevent Medicare and Medicaid financial fraud through enhanced cooperation. Since January 2009, the Justice Department has recovered a total of more than \$19.5 billion through False Claims Act cases, with more than \$13.9 billion of that amount recovered in cases involving fraud against federal healthcare programs.

**[Read the Wall Street Journal article.](#)**