

In one of the first False Claims Act settlements involving Medicare Part D, the Medicare prescription drug program, RxAmerica LLC has agreed to settle fraud claims with the Department of Justice for \$5.25 million. RxAmerica is a wholly-owned subsidiary of CVS Caremark Corporation and provides prescription drug benefits to Medicare beneficiaries pursuant to a prescription drug plan.

In an effort to control costs and assist Medicare Part D participants to find the lowest available drug options, the Centers for Medicare & Medicaid Services (CMS) offered a web-based tool known as Plan Finder, which allowed Medicare Part D beneficiaries to determine estimated prescription drug prices for each Medicare Part D plan that the beneficiary considered for enrollment. The United States alleged that throughout 2007 and 2008, RxAmerica made false submissions to CMS regarding prices for certain generic prescription drugs used for Plan Finder, despite telling CMS that it would submit accurate pricing data. As a result, RxAmerica received Medicare Part D payments for claims for the covered drugs at prices that were often significantly higher than the pricing data RxAmerica submitted to CMS for use on Plan Finder.

The \$5.25 million settlement, announced by the Department of Justice on October 15, 2012, resolves two separate qui tam (whistleblower) suits brought under the False Claims Act. The first suit, U.S. ex rel. Doe v. RxAmerica, was filed in the U.S. District Court for the Eastern District of New York in November 2008. The second whistleblower suit, U.S. ex rel. Hauser v. CVS Caremark Corp. and RxAmerica, was filed in June 2009 in the U.S. District Court for the Western District of North Carolina. The two suits were consolidated in the Eastern District of New York in November 2011.

The cases and settlement are part of the government's efforts to combat healthcare fraud and another victory for the Healthcare Fraud Prevention and Enforcement Action Team (HEAT) initiative, a joint effort by the Department of Justice and the Department of Health and Human Services. The collaboration between the two agencies has focused efforts on reducing and preventing Medicare and Medicaid financial fraud through enhanced cooperation and has been in effect since May 2009. The U.S. Department of Justice has recovered more than \$10 billion since January 2009 through cases involving fraud against federal healthcare programs under the False Claims Act. Total recoveries for DOJ in False Claims Act cases since January 2009 are more than \$13.8 billion.