

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General
May 21, 2012



ABBOTT LABORATORIES TO PAY \$1.5 BILLION HEALTH CARE
FRAUD SETTLEMENT

Inspector General Charles J. Willoughby announced today that the District of Columbia has joined with other states and the federal government in reaching an agreement with Abbott Laboratories to settle civil and criminal allegations that Abbott Laboratories illegally marketed Depakote. The District of Columbia, along with the other jurisdictions, contends that from January 1998 through December 31, 2008, Abbott promoted the sale and use of Depakote for uses that were not approved by the Food and Drug Administration as safe and effective. This alleged conduct resulted in false claims to Medicaid and other federal health care programs. Further, the covered conduct from the settlement provides that Abbott Laboratories made false and misleading statements about the safety, efficacy, dosing, and cost-effectiveness of Depakote for some unapproved uses; improperly marketed the product in nursing homes; and paid illegal remuneration to health care professionals and long term care pharmacy providers to induce them to promote and/or prescribe Depakote.

The \$1.5 billion settlement is the second largest recovery from a pharmaceutical company in a single civil and criminal global resolution. Abbott Laboratories will pay the states and the federal government a total of \$800 million in civil damages and penalties to compensate Medicaid, Medicare, and various federal health care programs for harm suffered as a result of its conduct. In addition to the civil settlement, Abbott Laboratories pled guilty this morning to a violation of the Food, Drug, and Cosmetic Act (FDCA), agreed to pay a criminal fine, and forfeit \$700 million. Further, as a condition of the settlement, Abbott Laboratories will enter into a Corporate Integrity Agreement with the United States Department of Health and Human Services, Office of the Inspector General.

This settlement is based on four qui tam cases that were consolidated and are pending in the United States District Court for the Western District of Virginia in Abingdon, Virginia. The cases were filed under federal and state false claims statutes. As part of the settlement, the District of Columbia will receive \$1,168,648 in restitution and other recovery.

A state team appointed by the National Association of Medicaid Fraud Control Units participated in the investigation and conducted the settlement negotiations with Abbott on behalf of

the participating states. Team members include representatives from the Offices of the Attorneys General for the states of California, Georgia, Illinois, Massachusetts, Maryland, South Carolina, Ohio, and Virginia. Inspector General Willoughby thanked the Department of Health Care Finance for providing claims data for analysis, and Medicaid Fraud Control Unit attorneys Dangkhwa Nguyen and Elaine Block and auditor Yolanda Mobuary for their work on this matter.