# GOVERNMENT OF THE DISTRICT OF COLUMBIA
## Office of the Inspector General

Inspector General
March 19, 2012

DAVA PHARMACEUTICALS TO PAY $10.8 MILLION TO SETTLE CLAIMS BASED ON REBATE VIOLATIONS

Inspector General Charles J. Willoughby announced today that the District of Columbia has joined other states and the federal government and reached an agreement in principle with Dava Pharmaceuticals, Inc. ("Dava"), a Delaware corporation, to settle allegations that, between October 1, 2005, and September 30, 2009, the company underpaid its rebate obligations under the Medicaid Prescription Drug Rebate Program. Under that program, participating drug companies are required to pay quarterly rebates to state Medicaid programs based, in part, on whether the drug is a "generic" or "branded" product. Dava will pay the states and the federal government a total of $11 million under the settlement.

Dava treated its version of the drugs cefdinir, clarithromycin, and methotrexate as "generic" drugs, rather than "branded" drugs, thereby lowering the overall percentage rebate payable to Medicaid. In addition, Dava further reduced its Medicaid rebate obligations by incorrectly calculating average manufacturer prices for its versions of the drugs, thereby overcharging Medicaid and other federal healthcare programs for these drugs.

This settlement is based on a qui tam case that was filed in the United States District Court for the District of Maryland by a relator. A relator is a private party who files actions under state and/or federal false claims statutes.

The D.C. Department of Health Care Finance provided data, and Mr. Willoughby recognized Medicaid Fraud Control Unit Auditor LaShawn Brooks for her work on analyzing the data and working with the National Association of Medicaid Fraud Control Units team that participated in the investigation and conducted settlement negotiations with Dava on behalf of the settling states. Team members included representatives from New York, South Carolina, Texas and Maine.