



AG STRANGE ANNOUNCES SETTLEMENT WITH CVS THAT RECOVERS \$366,758 FOR ALABAMA MEDICAID AGENCY

(MONTGOMERY)— Attorney General Luther Strange announced that a settlement with CVS Pharmacy, Inc., will recover \$366,758 for the State of Alabama. The settlement was filed April 15 in the U.S. District Court for the Western District of Wisconsin, to resolve allegations that CVS overcharged the Alabama Medicaid Agency for prescription drugs.

“It is important that we remain vigilant as guardians of the taxpayers’ money, to protect against inappropriate or excessive charges against government agencies,” said Attorney General Strange. “I am proud of the work performed by our Medicaid Fraud Control Unit to protect and recover funds that are needed for vital services provided by the Alabama Medicaid Agency.”

CVS will pay \$17.5 million to the federal government and 10 states, including Alabama. The settlement will recover \$1,150,254.00 in federal and state dollars paid for prescriptions drugs for Alabama Medicaid beneficiaries. Alabama will retain \$366,758.49 in state monies, with the remainder returning to the federal government to compensate for the portion it had overpaid.

The settlement resolves allegations that CVS Pharmacy billed the wrong amount to Medicaid for dual-eligible beneficiaries--Medicaid beneficiaries who also have third-party prescription coverage (other than Medicare). Pharmacies must bill the other insurer first, and submit a claim to Medicaid for only the amount of any remaining liability, typically the co-pay. The investigation showed that CVS billed more than the allowed amount for certain dual-eligible claims, resulting in excessive reimbursement.

Investigation of the case involved complex analysis of billing and payment information, cross-referenced to private insurance payments. The states assisted the U.S. Department of Justice, the U.S. Attorney's Office in the Western District of Wisconsin, and the U.S. Department of Health and Human Services – Office of Inspector General, in investigating and negotiating a resolution of the case. CVS Pharmacy operates more than 7,000 retail pharmacies across the United States.

As part of the settlement, an existing Corporate Integrity Agreement will be amended to require CVS to implement correct billing procedures and train employees. An independent review organization will regularly audit payments and issue reports on CVS’s compliance. CVS has started working with individual state Medicaid offices to make sure it bills correctly for dual-eligible beneficiaries.

Since 2004, the Attorney General’s Medicaid Fraud Control Unit has recovered more than 30 million dollars on behalf of Alabama’s Medicaid program.

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