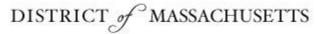
THE UNITED STATES ATTORNEY'S OFFICE



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Department of Justice

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District of Massachusetts

FOR IMMEDIATE RELEASE

Monday, January 31, 2022

Cardinal Health Agrees to Pay More than \$13 Million to Resolve Allegations that it Paid Kickbacks to Physicians

BOSTON – Ohio-based pharmaceutical distributor, Cardinal Health, Inc., has agreed to pay \$13,125,000 to resolve allegations that it violated the False Claims Act by paying "upfront discounts" to its physician practice customers, in violation of the Anti-Kickback Statute.

The Anti-Kickback Statute prohibits pharmaceutical distributors from offering or paying any compensation to induce physicians to purchase drugs for use on Medicare patients. When a pharmaceutical distributor sells drugs to a physician practice for administration in an outpatient setting, the distributor may legally offer commercially available discounts to its customers under certain circumstances permitted by the Office of Inspector General for the Department of Health and Human Services (HHS-OIG). HHS-OIG has advised that upfront discount arrangements present significant kickback concerns unless they are tied to specific purchases and that distributors maintain appropriate controls to ensure that discounts are clawed back if the purchaser ultimately does not purchase enough product to earn the discount. According to facts that the company has acknowledged in the settlement agreement, Cardinal Health, Inc. failed to meet these requirements because the upfront discounts it provided to its customers were not attributable to identifiable sales or were purported rebates which Cardinal Health's customers had not actually earned.

"Cardinal Health recruited new customers by offering and paying cash bonuses in violation of the Anti-Kickback Statute and False Claims Act. Kickback schemes, such as this one, have the potential to pervert clinical decision-making and are detrimental to our federal health care system and taxpayers," said United States Attorney Rachael S. Rollins. "We commend Cardinal Health for resolving this matter cooperatively."

"Pharmaceutical distributors are expected to play by the rules and not engage in illegal arrangements," said Phillip M. Coyne, Special Agent in Charge for the Office of Inspector General of the U.S. Department of Health and Human Services. "Working with our law enforcement partners, we will continue to investigate kickback schemes that threaten the integrity of our federal health care system, no matter how those schemes are disguised."

"Cardinal Health thought it hit upon a surefire moneymaker by paying kickbacks to doctors, which cost health benefit programs millions of dollars in potentially fraudulent claims," said Joseph R. Bonavolonta, Special Agent in Charge of the Federal Bureau of Investigation, Boston Division. "Anyone involved in, or

entertaining, similar activity should know that health care fraud is a priority for the FBI, and we will pursue anyone trying to profit from this country's vital health care system."

The False Claims Act settlements resolve allegations originally brought in lawsuits filed by whistleblowers under the qui tam provisions of the False Claims Act, which allow private parties to bring suit on behalf of the government and to share in any recovery. In connection with today's announced settlement, the relators will receive approximately \$2.6 million of the recovery.

U.S. Attorney Rollins, HHS-OIG SAC Coyne and Boston FBI SAC Bonavolonta made the announcement today. Assistant U.S. Attorneys Evan Panich and Lindsey Ross of Rollins' Affirmative Civil Enforcement Unit handled the matter.

Attachment(s):

Download U.S. v. Cardinal Health Inc. - Settlement Agreement.pdf

Topic(s):

Health Care Fraud

Component(s):

<u>USAO - Massachusetts</u>

Updated January 31, 2022