



Department of Justice

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SCHERING-PLOUGH TO PAY U.S. & TEXAS \$27 MILLION
TO SETTLE MEDICAID FRAUD ALLEGATIONS

WASHINGTON, D.C.- Schering Corporation, Schering-Plough Corporation and Warrick Pharmaceuticals Corporation have agreed to pay the United States and the state of Texas \$27 million to settle allegations of health care fraud, the Justice Department and the Texas Attorney General, announced today. Warrick, a division of Schering-Plough, manufactures prescription drugs for the treatment of allergies and respiratory diseases,

The government alleged that Warrick submitted false pricing information and caused providers to submit fraudulently inflated reimbursement claims to the state and federally funded Texas Medicaid program. The United States claimed Warrick submitted false pricing information to the Texas Vendor Drug Program, which resulted in inflated reimbursement for the Warrick drugs at issue, which are primarily used to treat asthma and other respiratory conditions.

"The Medicaid program was created to help ensure that those least able to afford healthcare receive medical treatment - not to enrich drug companies," said Peter D. Keisler, Assistant Attorney General for the Justice Department's Civil Division. "The reporting of false pricing information by certain drug manufacturers has adversely impacted not only the federal health care programs, but also our most vulnerable citizens."

The Civil Medicaid Fraud Section of the Texas Attorney General's Office sued Warrick and two other drug manufacturers in 2000 as part of its ongoing effort to combat Medicaid Fraud in Texas.

Schering, Schering-Plough and Warrick reached the agreement with the Justice Department, the Office of Inspector General for the Department of Health and Human Services and Texas Attorney General Greg Abbott. The United States is continuing to investigate Warrick's activities with respect to other states' Medicaid programs.

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