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JUSTICE NEWS

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Thursday, April 21, 2011

Ohio-Based Cardinal Health Inc. to Pay U.S. \$8 Million to Resolve False Claims Act Allegations

WASHINGTON – Cardinal Health Inc. has agreed to pay the United States \$8 million to resolve claims that it violated the False Claims Act by making payments to induce referral orders for its prescription drugs in violation of the Anti-Kickback Statute, the Justice Department announced today.

Today's settlement with the Dublin, Ohio-based pharmaceutical distributor resolves a lawsuit filed by former pharmacy owner R. Daniel Saleaumua and pharmacy consultant Kevin Rinne under the qui tam, or whistleblower provisions, of the False Claims Act. Mr. Saleaumua alleged that Cardinal paid him \$440,000 in exchange for an agreement that he purchase from Cardinal prescription drugs for his pharmacies. Under the False Claims Act, private citizens can bring suit on behalf of the United States and share in any recovery. Together, Saleaumua and Rinne will receive \$760,000 as their share of the government's recovery.

"Kickback schemes subvert the health care marketplace and undermine the integrity of the choices made by consumers and providers of health care," said Assistant Attorney General for the Civil Division Tony West. "We will continue to hold accountable those who we allege are misusing our public health care programs at the expense of taxpayers."

"American taxpayers are the victims of illegal kickback schemes that result in Medicare and Medicaid paying millions of dollars more than they should for prescription drugs," said Beth Phillips, U.S. Attorney for the Western District of Missouri. "Today's \$8 million settlement underscores our commitment to combating health care fraud and protecting taxpayers."

"Financial kickbacks -- as the government alleges were paid by Cardinal Health -- weaken Medicare and Medicaid by steering taxpayer dollars into provider pockets, rather than into sound patient care," said Les W. Hollie, Special Agent in Charge of the Kansas City Regional Office, U.S. Department of Health & Human Services, Office of Inspector General (OIG). "Working in close coordination with our law enforcement partners -- such as the U.S. Attorney for the Western District of Missouri -- OIG will carefully scrutinize financial arrangements and bring offenders to justice."

This resolution is part of the government's emphasis on combating health care fraud and another step for the Health Care Fraud Prevention and Enforcement Action Team (HEAT) initiative, which was announced by Attorney General Eric Holder and Kathleen Sebelius, Secretary of the Department of Health and Human Services in May 2009. The partnership between the two departments has focused efforts to reduce and prevent Medicare and Medicaid financial fraud through enhanced cooperation. One of the most powerful tools in that effort is the False Claims Act, which the Justice Department has used to recover more than \$5.5 billion since January 2009 in cases involving fraud against federal health care programs. The Justice Department's total recoveries in False Claims Act cases since January 2009 has exceeded \$7.1 billion.

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Civil Division

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