Getnick & Getnick LLP, Lowey Dannenberg P.C., and Co-Counsel Win Novel Settlement From GlaxoSmithKline on Behalf of Insurers

November 12, 2019 • Getnick Now

GSK Resolves Claims That Insurers Paid $2.7 Billion For Drugs Manufactured In Violation of FDA Standards

On November 12, 2019, on the eve of trial, British drug maker GlaxoSmithKline, LLC (“GSK”) settled a lawsuit in the United States District Court for the Eastern District of Pennsylvania that was filed by approximately 40 health insurers, including Aetna and Blue Cross Blue Shield Association, representing 60% of the U.S. market for non-governmental health insurance.

The insurers alleged that GSK knowingly manufactured 17 drugs at its factory in Cidra, Puerto Rico, under conditions that amounted to egregious violations of federal manufacturing standards. They further alleged that these violations made it illegal for GSK to sell the drugs in the United States, but that GSK concealed the violations from insurers and the general public. The insurers claimed that GSK defrauded them when they paid $2.7 billion for these drugs between 2000 and 2005.

The drugs included Paxil, an anti-depressant; Bactroban, an antibiotic; Avandamet, a drug for diabetes; and Kytril, an anti-nausea medicine. GSK shut down the Cidra factory in 2009.

The insurers were represented by Getnick & Getnick LLP; Lowey Dannenberg PC; The Breen Law Firm; Professor G. Robert Blakey; and Rawlings & Associates PLLC. Details of the settlement are confidential.

This was the second settlement obtained by Getnick & Getnick LLP in relation to drugs that GSK manufactured at Cidra. In 2010, GSK agreed to pay the U.S. government $750 million to settle civil and criminal charges for manufacturing adulterated drug products at Cidra and selling them to Medicaid and other government health plans.

The 2010 settlement was the result of a False Claims Act whistleblower “qui tam” lawsuit filed by Getnick & Getnick LLP on behalf of Cheryl Eckard, a former Quality Assurance Manager with GSK. That case represented the first time the False Claims Act was successfully used to hold drug makers accountable for violations of manufacturing standards. The Department of Justice awarded Ms. Eckard $96 million of the federal portion of the civil recovery. This was the largest reward for a single whistleblower in US history.