

# Dept. of Justice: \$678 million national kickback settlement with Novartis Pharmaceuticals

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MADISON, Wis. – Attorney General Josh Kaul announced today that Wisconsin has joined the United States to settle allegations against Novartis Pharmaceuticals Corporation (“Novartis”) by reaching an agreement in principle along with twenty-seven other states and the District of Columbia.

“People should be able to be confident that they’re being prescribed medicines based on what’s best for their health,” said Attorney General Kaul. “Any drug company that uses kickbacks to influence prescription practices must be held responsible.”

The proposed settlement with Wisconsin will resolve allegations that Novartis paid kickbacks to health care practitioners in the form of cash, meals, entertainment, and honoraria payments to induce them to prescribe various medications that treat hypertension or Type 2 Diabetes. Under the settlement, Novartis agreed to pay \$678 million to the United States, Wisconsin, twenty-six other states and the District of Columbia, \$103 million of which resolves claims pertaining to state Medicaid programs. About \$354,469.79 of the settlement resolves claims relating specifically to Wisconsin’s Medicaid program.

The settlement resolves allegations that from January 2002 and November 2011, Novartis paid kickbacks to doctors to prescribe Lotrel, Valturna, Starlix, Tekamlo, Diovan HCT, Tekturna HCT, and Exforge HCT, and that between January 2010 and November 2011, Novartis also did so for Exforge, Diovan and Tekturna. In court documents it was alleged that Novartis systemically paid doctors to speak about certain drugs at sham events, with a veneer of education applied in an attempt to

avoid the law, and covered the costs of lavish meals and entertainment for attendee doctors, to induce doctors to write prescriptions for these Novartis drugs in violation of the former Wisconsin False Claims Act and the Federal False Claims Act.

Novartis admitted aspects of the scheme in a stipulation filed in federal court in connection with the settlement, to include admissions concerning excessive meal and alcohol spend, minimal medical discussions at Novartis's events and repeat attendance.

This settlement arises from a whistleblower action originally filed in 2011 in the United States District Court for the Southern District of New York under the federal False Claims Act and the named plaintiff states' respective false claims/anti-fraud statutes. A National Association of Medicaid Fraud Control Units (NAMFCU) Team participated in the investigation and finalized the settlement with Novartis on behalf of the states.

Assistant Attorney General Katie Wilson represented the State and served as a team leader for all participating states in negotiating settlement.

This settlement does not relate to a civil action filed by the State of Wisconsin. The requirements of 2017 Wis. Act 369 do not apply.

Agreement: [https://www.doj.state.wi.us/sites/default/files/news-media/9.21.20\\_-\\_Novartis\\_Agreement.pdf](https://www.doj.state.wi.us/sites/default/files/news-media/9.21.20_-_Novartis_Agreement.pdf)

Distribution of proceeds: [https://www.doj.state.wi.us/sites/default/files/news-media/9.21.20\\_Novartis\\_DOP.pdf](https://www.doj.state.wi.us/sites/default/files/news-media/9.21.20_Novartis_DOP.pdf)