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JUSTICE NEWS

## Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Tuesday, March 16, 2010

### Alpharma to Pay \$42.5 Million to Resolve False Claims Act Allegations in Connection with Promotion of Drug Kadian

WASHINGTON – American pharmaceutical manufacturer Alpharma Inc. has agreed to pay \$42.5 million to resolve False Claims Act allegations in connection with the marketing of the morphine-based drug, Kadian, the Justice Department announced today. The settlement resolves allegations that, between January 1, 2000 and December 29, 2008, Alpharma paid health care providers to induce them to promote or prescribe Kadian, and made misrepresentations about the safety and efficacy of the drug, which is used to treat chronic moderate to severe pain. Alpharma is now a wholly-owned subsidiary of Bristol, Tenn.-based King Pharmaceuticals Inc.

Under the agreement announced today, the proceeds from the settlement will be split between the federal government and various states, with the United States receiving roughly \$33.6 million to resolve the federal claims and the states receiving approximately \$8.9 million to settle their respective claims.

"Illegal marketing of pharmaceutical drugs jeopardizes the public's confidence in our health care system," said Tony West, Assistant Attorney General for the Civil Division of the Department of Justice. "All consumers have the right to know that their health care provider's judgment about drugs they should take has not been undermined by misinformation or kickbacks from pharmaceutical manufacturers."

The settlement resolves a lawsuit brought by a whistleblower, Debra Parks, in 2006 under the *qui tam* or whistleblower provisions of the False Claims Act, which permit private citizens with knowledge of fraud against the government to bring a lawsuit on behalf of the United States and to share in any recovery. Under the civil settlement announced today, Ms. Parks will receive \$5.33 million out of the federal share of the recovery.

"Health care decisions must be based solely upon what is best for the individual patient and not on which pharmaceutical company is paying the doctor the biggest kickback," said Rod J. Rosenstein, U.S. Attorney for the District of Maryland.

Assistant Attorney General West and U.S. Attorney Rosenstein noted that today's settlement is the result of collaboration between the Justice Department's Civil Division and the U.S. Attorney's Office for the District of Maryland, with assistance from the National Association of Medicaid Fraud Control Units; the Department of Health and Human Services, Office of Inspector General; the Defense Criminal Investigative Service; the Office of Personnel Management, Office of Inspector General; and the Federal Bureau of Investigation.

This settlement is part of the government's emphasis on combating health care fraud. One of the most powerful tools in that effort is the False Claims Act, which the Justice Department has used to recover approximately \$2.2 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 have topped \$3 billion.

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Civil Division

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