

NEWS from the North Dakota Department of Human Services 600 East Boulevard Avenue, Bismarck ND 58505

FOR IMMEDIATE RELEASE

June 3, 2013

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N.D. Medicaid Program Receives Fraud Settlement

BISMARCK, N.D. – The N.D. Department of Human Services announced today that the state Medicaid program will receive approximately \$3.14 million for its share of a \$500 million settlement to resolve civil and criminal allegations against Ranbaxy, a generic pharmaceutical manufacturer based in Gurgaon, India, for introducing adulterated drugs into interstate commerce. As a result, false or fraudulent claims were submitted to state Medicaid programs.

The investigation resulted from an action filed in the U.S. District Court for the District of Maryland under the federal False Claims Act and various state false claims statutes. The whistleblower's complaint alleged that Ranbaxy knowingly manufactured, distributed, and sold generic pharmaceutical products whose strength, purity, or quality fell below FDA standards. The 26 generic pharmaceutical products at issue were manufactured at Ranbaxy facilities in Paonta Sahib and Dewas, India, at various times between April 1, 2003, and September 16, 2010.

Ranbaxy has agreed to pay the states and the federal government \$350 million in civil damages and penalties to resolve civil allegations of poor manufacturing practices in the two manufacturing plants. In addition, Ranbaxy USA, a subsidiary, has pled guilty to seven felony counts alleging violations of the U.S. Food, Drug, and Cosmetic Act, and has agreed to pay \$150 million in criminal fines and forfeitures.

Of the state settlement, the N.D. Department of Human Services will receive about \$1.04 million for the Medicaid Program, which will be directly deposited into the state's general fund, and the federal government will receive about \$2.10 million.

North Dakota's Medicaid program is funded in part by the federal government and in part by the state. It provides health services to qualifying low-income elderly individuals, pregnant women, children, and people with disabilities. In April 2013, 66,178 North Dakotans were eligible for Medicaid.

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