

CHICAGO
HEALTHCARE
DAILY

Tuesday, December 20, 2011

Illinois shares in \$20-million settlement by CVS Caremark

By: Micah Maidenberg **December 20, 2011**

(Crain's) — Illinois received about \$3 million of a \$20-million settlement by CVS Caremark Corp. stemming from three whistleblower lawsuits that accused the drugstore chain of public-contract fraud.

According to the suits, the misconduct involved CVS' management of a prescription drug benefit program for 400,000 Illinois employees, retirees and their dependents between June 2002 and July 2005.

The Woonsocket, R.I.-based company was accused of labeling drugs that had been returned as new and of persuading doctors' employees to change prescriptions without physician consent, according to a lawsuit filed in Cook County Circuit Court.

"They fought the thing tooth and nail, and denied, denied, denied, despite what the evidence was," said Michael Leonard, a partner with Chicago-based law firm Meckler Bulger Tilson Marick & Pearson LLP, which along with Los Angeles-based law firm Engstrom Lipscomb & Lack LLP represented the whistleblowers.

The settlement included two other cases with similar allegations against CVS in Florida and California, Mr. Leonard said.

The settlement did not include any findings of wrongdoing or admission of liability by CVS, a company spokeswoman said in an e-mail.

The agreement allows the company "to avoid the costs of continued litigation related to alleged historical practices," she said.

The payment is miniscule for CVS, which should be able to manage any repercussions from the settlement, said analyst Matthew Coffina of Chicago-based Morningstar Inc.

But, "the perception of quality service is important, particularly when dealing with public entities," he added.

HEALTHCARE HEADLINES

- In brief: Advocate acquires Mount Prospect doctors group
- [Illinois shares in \\$20-million settlement by CVS Caremark](#)
- Abbott, U of I form center to study nutrition in learning
- Doctors pitch state on surgery center for Palos Hills
- Silver Cross to sell dialysis clinics for \$30 million
- BioSante shares crash as female libido drug fails trials

[▶ More Healthcare News](#)

For the first three quarters of 2011, CVS' revenue was up 11% from the year-earlier period to \$78.8 billion. But operating profit was flat, at \$4.3 billion.

Under the settlement, the Illinois treasurer's office received a payment of nearly \$2.9 million. Of that sum, the attorney general's office and the Illinois State Police each will receive about \$480,000, with the rest going to the state's general revenue fund.

The rest of the money will go to state agencies in Florida and California, the whistleblowers and their attorneys.

Illinois' prescription benefit program is now managed by Medco Health Solutions Inc., based in Franklin Lakes, N.J., a spokesman with the Illinois Department of Central Management Services said.

RELATED CONTENT

- CVS Caremark says local firm poaching executives
- CVS Caremark wins \$800-million local government contract
- CVS fights fraud lawsuit while vying for city, state ...
- Crain's investigation: Illinois' prepaid tuition plan ...



Walgreens and CVS

Web Extract: <http://www.chicagobusiness.com/article/20111220/NEWS03/111229996/illinois-shares-in-20-million-settlement-by-cvs-caremark>