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**MADIGAN: ILLINOIS RECOVERS \$10 MILLION FOR STATE MEDICAID PROGRAM IN SETTLEMENT OF NATIONAL DRUG PRICING SCHEME**

**Chicago** — Attorney General Lisa Madigan announced today that Illinois will receive \$10 million in a 30-state settlement against McKesson Corporation to resolve allegations that the company inflated pricing data used for setting Medicaid reimbursement rates for a large number of prescription drugs. The inflated data caused the state's Medicaid program to overpay for those drugs.

Reimbursement rates for pharmaceutical drugs dispensed to Illinois Medicaid beneficiaries are set by a standard known as the "Average Wholesale Price" (AWP), which is a benchmark used by most states including Illinois. Illinois alleged that McKesson, one of the largest drug wholesalers in the country, reported inflated AWP pricing data to First Data Bank (FDB), a publisher of drug prices, which meant that many of the AWP's used by Illinois to set reimbursement rates were inflated.

"This company rigged the drug pricing system to boost its own earnings rather than report those costs fairly and accurately," Madigan said. "Pricing cases like this one are critical to ensuring that Illinois and federal Medicaid funds are being spent in the interests of the people who need medical care."

Today's announcement of the states' \$151 million recovery was preceded by the federal government's April announcement of a \$187 million settlement. As part of both the state and federal agreements, Illinois will recover a total of more than \$23 million for the state's Medicaid program.

The suit against McKesson was filed in the United States District Court in New Jersey. To date, Madigan's office has recovered more than \$57 million from drug manufacturers that were alleged to have reported inflated AWP information to FDB and other publishers of drug prices.

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