



Omnicare Pays \$49.5 Million to End Generic Drug Suit (Update1)

By Andrew Harris

Nov. 14 (Bloomberg) -- Omnicare Inc., the largest provider of pharmacy services to U.S. nursing homes, said it agreed to pay \$49.5 million to settle claims by the U.S. government and 42 states that it overcharged them for drugs it provided seniors.

Omnicare substituted more expensive forms of generic versions of drugs including the antacid Zantac and the antidepressant Prozac to evade price limits set for Medicaid reimbursement, said Michael Behn, a Chicago attorney for the plaintiffs.

"This was the first case targeting generic drug switching under the False Claims Act to help protect both patients and taxpayers," Behn said in a statement. The company said in a statement that patient safety "was never an issue."

The settlement amount has "been fully reserved" and includes a corporate integrity agreement requiring training and oversight at Covington, Kentucky-based Omnicare, the company said in the statement. The case was filed five years ago by Illinois pharmacist Bernard Lisitza. Omnicare didn't admit any wrongdoing as part of the accord.

Omnicare's profit fell 11 percent in the third quarter, hurt by lower insurance payments from UnitedHealth Group Inc., the company said Oct. 31.

43 Cents

Net income declined to \$52.2 million, or 43 cents a share, compared with \$58.5 million, or 54 cents, a year earlier, Omnicare said. Sales rose 9.5 percent to \$1.59 billion.

The company reduced its earnings forecast for the fourth quarter because of the lower insurance payments and problems at a drug repacking plant in Toledo, Ohio. Omnicare said UnitedHealth cut payments for providing drug benefits to the elderly under the U.S. Medicare program. The action cost \$19.7 million in sales and operating profit, the company said. Omnicare sued UnitedHealth over the cuts.

Omnicare shares rose 56 cents to \$38.87 at 1:39 p.m. in New York Stock Exchange composite trading.

The case is U.S. ex. rel. Lisitza v. Omnicare, 01cv7433, in the Northern District of Illinois, Eastern Division (Chicago).

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