

Omnicare to Pay \$49.5 Million To Settle Medicaid Pricing Case

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[Omnicare](#) Inc., a major nursing-home pharmacy operator, will pay \$49.5 million to settle charges that it improperly substituted different forms of some generic medications in order to charge Medicaid higher prices, the company said.

In a lawsuit initially brought by a former pharmacist for the company, state and federal authorities accused Omnicare of substituting more-expensive capsules of ranitidine, the generic form of Zantac, for tablets, which are cheaper under Medicaid's pricing system. Similarly, the Covington, Ky., company substituted tablets of the generic form of Prozac, fluoxetine, for more common, and cheaper, capsules, the lawsuit alleged.

In its most recent quarterly report to the Securities and Exchange Commission, Omnicare had said it expected to pay \$51 million in the fourth quarter to settle inquiries into the issue.

The company said it settled to avoid lengthy litigation and that it doesn't acknowledge any wrongdoing. "Patient safety was never an issue," it added in a statement.

Under FDA rules, tablets and capsules are considered to be different medications and substituting them isn't allowed, says Michael Behn, an attorney for the pharmacist who filed the initial lawsuit. "Doctors should be selecting ... medications, not a Fortune 500 company," Mr. Behn said.