



News Release

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DEPARTMENT OF HEALTH CARE SERVICES ANNOUNCES MULTIMILLION-DOLLAR SETTLEMENTS WITH ABBOTT LABORATORIES

SACRAMENTO – The California Department of Health Care Services (DHCS) announced that California and 45 other states, as well as the District of Columbia, have reached a \$1.5 billion civil and criminal settlement and a \$100 million civil consumer protection settlement with Abbott Laboratories to settle false claim act lawsuits and federal investigations into alleged illegal acts with respect to the drug Depakote, including illegal marketing, making false and misleading statements and paying kickbacks.

Under the civil and criminal settlement, California and the United States will receive a combined \$52 million plus interest. Of this amount, the United States will receive \$21.3 million, and California will receive \$30.7 million. Of the California amount, DHCS will receive \$15.3 million as damages for the Medi-Cal program. A portion of California's recovery will be deposited into the Attorney General's False Claims Act Trust Fund, which is administered by the California Department of Justice' Bureau of Medi-Cal Fraud and Elder Abuse (BMFEA) to investigate and prosecute Medi-Cal fraud. DHCS assisted BMFEA with settlement agreement language that protects the interests of DHCS and Medi-Cal. Under the separate civil consumer protection settlement, California will receive \$6.7 million, the largest share of any state.

"We are pleased with the settlements that recover much needed funds for California's Medicaid program, which provides vital health care services to more than 7.6 million low-income individuals," said DHCS Director Toby Douglas. "It is imperative that we continue to improve our efforts to prevent fraud against the Medi-Cal program and ensure that funds are only used to provide critical health care services to our state's most vulnerable populations."

Depakote is a drug used to treat seizure disorders and certain psychiatric conditions (manic phase of bipolar disorder) and to prevent migraine headaches. It works by restoring the balance of certain natural substances (neurotransmitters) in the brain.

Abbott Laboratories will pay the states and federal government a total of \$800 million in civil damages and penalties to compensate Medicaid, Medicare and various federal health care programs for harm suffered as a result of its conduct. In addition to the civil settlement, Abbott Laboratories pled guilty to a violation of the Food, Drug and Cosmetic Act and agreed to pay a criminal fine and forfeiture of \$700 million. As a condition of the settlement, Abbott Laboratories will enter into a Corporate Integrity Agreement with the United States Department of Health and Human Services, Office of the Inspector General.

DHCS agreed to not suspend Abbott from Medi-Cal to ensure Medi-Cal continues providing coverage of various drugs that Abbott produces. Consumers with questions about the appropriate use of Depakote should contact their health care provider.

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