

***Medicaid Rebate Statute Fraud:  
How to receive a Reward for Reporting Medicaid Rebate Statute Fraud***

This article outlines how to receive a reward for reporting Medicaid Rebate Statute fraud. One of the common ways many drug or pharmaceutical companies cheat or commit fraud against the government is by underpaying money under the Medicaid Rebate Statute. The amount of fraud each year committed under the Medicaid Rebate Statute may be hundreds of millions of dollars per year.

Drug or pharmaceutical companies sell millions of pills to people receiving Medicaid. In order to provide drugs to Medicaid recipients, the pharmaceutical company must remain in the Medicaid Rebate program. That requires pharmaceutical companies to only charge Medicaid the best price they charge other companies. Under the Medicaid Rebate Statute, every quarter for every drug, the Pharmaceutical company must submit a report to state Medicaid officials and give a list of the best prices they gave to their best customers for each drug.

Medicaid keeps track of the amount it pays to doctors, hospitals, and other healthcare professionals for Medicaid patients. Under the Medicaid Rebate Statute, the drug or pharmaceutical company that makes the drugs must give a rebate of the difference between what Medicaid paid healthcare professionals and the best price the pharmaceutical company charged others for the same drug.

The amount of fraud under the Medicaid Rebate Statute is in the millions of dollars per quarter. How does this happen and how can you report the Medicaid Rebate fraud?

The drug company is not actually charging Medicaid for the drugs provided to Medicaid recipients. Rather, when a doctor prescribes a drug to a Medicaid recipient, the healthcare provider must fill out a form and ask to be reimbursed for the drug because the recipient cannot afford to pay for it. At the end of each quarter, the Medicaid program tallies up all of the amounts of drugs paid for by Medicaid and at what prices. It provides the pharmaceutical companies with this data, and a rebate is owed under the Medicaid Rebate Statute in an amount representing the difference in what Medicaid paid per pill and what the pharmaceutical companies charged their best customers.

Think of it this way. Because Medicaid is actually the best or largest customer, it should only pay the lowest amount a pharmaceutical company charges its best customers. If the pharmaceutical company does not want to do that, it does not need to participate in Medicaid, and the doctors can prescribe other equivalent drugs.

Some pharmaceutical companies get greedy. They lie or disguise their true lowest price charged to best customers, and thus defraud Medicaid out of millions of dollars in overpriced drugs.

Other pharmaceutical companies defraud the Medicaid Rebate Statute by lying about the average wholesale price (AWP) or average manufacturer price (AMP), which affects the amount of rebates due to the government under the Medicaid Rebate Statute.

Here is an example of how pharmaceutical companies defraud Medicaid under the Medicaid Rebate Statute.

Assume that the average price a pharmaceutical company sells a certain pill is 10 cents, but that the drug company sells the same pill to one of its best customer for 9 cents. Assume that the average price Medicaid paid for the pill was 12 cents for 2 million pills. Under the Medicaid Rebate Statute, the drug company must report its best price charged for that pill during the quarter. Assume it honestly reports that it sold the drug to someone else for 9 cents. Under the statute, it would owe Medicaid a rebate of 3 cent (12 cents paid minus 9 cents best price) times 2 million pills, or \$60,000. So far so good.

But what if the pharmaceutical company also gave the best customer who was charged 9 cents a rebate check in the mail for 3 cents for each pill? That means the true best price it gave was 6 cents a pill, not the 9 cents it reported. The amount the pharmaceutical company cheated was 3 cents times 2 million pills, or \$60,000 per quarter.

In reality, some pharmaceutical companies are lying by more than a few cents and are selling more than 2 million pills that go to Medicaid recipients. In one case the author worked on while at DOJ, for one pill alone, one pharmaceutical company repaid Medicaid \$200 million after a whistleblower stepped forward to report the underpayment. The whistleblower received over \$40 million as a reward for reporting fraud under the Medicaid Rebate Statute.

The schemes to commit fraud under the Medicaid Rebate Statute are as varied as your imagination. If you worked for a pharmaceutical company and know that they lied about best prices (or that they lied about the average wholesale price (AWP) or average manufacturer price (AMP) that go into the calculation of the amount of rebate owed under the Medicaid Rebate Statute), you may be eligible for a significant monetary reward for reporting fraud.

### **How to contact The Hesch Firm to become your *qui tam* attorney for Medicaid Rebate Fraud**

Mr. Hesch would be pleased to review in complete confidence your potential *qui tam* case. You can read on his website his extensive 15-years experience as an attorney working for the Civil Fraud Section of the U.S. Department of Justice (DOJ) in the nationwide *qui tam* reward office and on *qui tam* False Claims Act cases.

Visit his website at [www.HowToReportFraud.com](http://www.HowToReportFraud.com) to ask Mr. Hesch to assess your allegations that a pharmaceutical or drug company was defrauding Medicaid under the Medicaid Rebate Statute and to find out if you may be eligible for a whistleblower reward.