



U.S. Department of Justice

United States Attorney
District of Maryland

Rod J. Rosenstein
United States Attorney

Vickie E. LeDuc
Public Information Officer

36 South Charles Street
4th Floor
Baltimore, Maryland 21201

410-209-4800
TTY/TDD: 410-962-4462
410-209-4885
FAX 410-962-3091
Vickie.LeDuc@usdoj.gov

December 1, 2010

FOR IMMEDIATE RELEASE
www.usdoj.gov/usao/md

**CONTACT VICKIE LEDUC or
MARCIA MURPHY at (410)209-4885**

**WOODHAVEN PHARMACY SERVICES, INC D/B/A REMEDI SENIORCARE
SETTLES CLAIMS THAT IT FAILED TO CREDIT FEDERAL PROGRAMS AND
MEDICAID FOR RETURNED AND RE-DISPENSED MEDICATIONS**

Baltimore, Maryland - Woodhaven Pharmacy Services, Inc. d/b/a Remedi Seniorcare (“Remedi”), a long term care pharmacy company located in Baltimore, Maryland, has paid the United States \$1,279,575 to settle claims that it violated the False Claims Act by failing to credit federal programs and Medicaid for medications that were dispensed to patients in long term care facilities and later returned and re-dispensed to other nursing home and assisted living patients.

The settlement was announced by United States Attorney for the District of Maryland Rod J. Rosenstein; Special Agent in Charge Richard A. McFeely of the Federal Bureau of Investigation; Special Agent in Charge Nicholas DiGiulio, Office of Inspector General of the Department of Health and Human Services, Office of Investigations; Maryland Attorney General Douglas F. Gansler; Special Agent in Charge Drew Grimm of the Office of Personnel Management - Office of Inspector General; and Special Agent in Charge Robert Craig of the Defense Criminal Investigative Service - Mid-Atlantic Field Office.

“The settlement agreement resolves False Claims Act allegations that Remedi charged Medicaid and other federal health care programs twice for the same medications,” said United States Attorney Rod J. Rosenstein. “A facility that dispenses returned medications must repay the insurers that paid for the medications.”

“OIG will continue to defend Medicare and Medicaid beneficiaries against fraudulent billing practices,” said Nicholas DiGiulio Special Agent in Charge for the Philadelphia Region of the Office of Inspector General of the Department of Health and Human Services. “We all need to be confident that pharmaceutical products paid for by government programs are both safe and effective.”

Remedi is a long term care pharmacy that dispenses pharmaceuticals to patients in nursing homes and assisted living facilities in Maryland and nine other states. A long term care pharmacy, such as Remedi, packages the medications according to each resident’s needs, delivers the medications and retrieves any unused medications for disposal. Remedi has four locations, including one in Baltimore where the conduct occurred.

According to the settlement agreement, Remedi submitted false claims to Medicare Part D, Medicaid, the Federal Employees Health Benefit Plan and TRICARE from January 2006 until December 2007 by billing for prescriptions that were returned by assisted living facilities without giving credits to the federal programs and Medicaid.

In addition to the monetary settlement, Remedi has agreed to enter into a five year integrity agreement with the Office of the Inspector General, U.S. Department of Health and Human Services. The integrity agreement imposes compliance measures and ongoing monitoring to ensure the integrity of claims submitted by Remedi to federal and state health care programs.

Remedi denies these allegations.

The settlement resolves a lawsuit brought by a whistle blower, Barbara Dianne Thompson, in 2009 under the *qui tam* or whistle blower provisions of the False Claims Act, which permit private citizens with knowledge of fraud against the government to bring a lawsuit on behalf of the United States and to share in any recovery. Under the civil settlement announced today, Ms. Thompson will receive \$191,000 of the recovery.

Enacted during the Civil War, the False Claims Act is the government's primary civil tool to combat fraud and abuse in federal programs and procurement. The Act allows the government to recover triple the amount of its actual damages, plus a civil penalty of \$5,500 to \$11,000 for each false claim.

United States Attorney Rod J. Rosenstein commended the investigative work performed by the FBI; the U.S. Department of Health and Human Services, Office of the Inspector General; the Medicaid Fraud Control Unit of the Office of the Attorney General of Maryland; the Office of Personnel Management, Office of Inspector General; and the Department of Defense Office of the Inspector General, Defense Criminal Investigative Service. The case was handled by Assistant U.S. Attorneys Thomas F. Corcoran and Tarra DeShields.