

CLIENT ALERT

Congressional Investigation of Pharmacy Rebates on Medicaid Drugs

January 16, 2004

The House Energy and Commerce Committee and its Subcommittee on Oversight and Investigations have asked five large retail pharmacy chains for documents on pharmaceutical reimbursements and rebates under Medicaid. The committee is concerned that drug manufacturers may have been engaged in improper "marketing of the spread," to the detriment of state Medicaid programs. The letters expressed concern that drug manufacturers could be charging low prices on particular prescription medications to their customers, while submitting inaccurate or incomplete cost or price information that becomes the basis of state Medicaid reimbursement for the drug at much higher prices. The January 14th letters were sent to CVS, Eckerd, Rite Aid, Walgreen, and Wal-Mart.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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