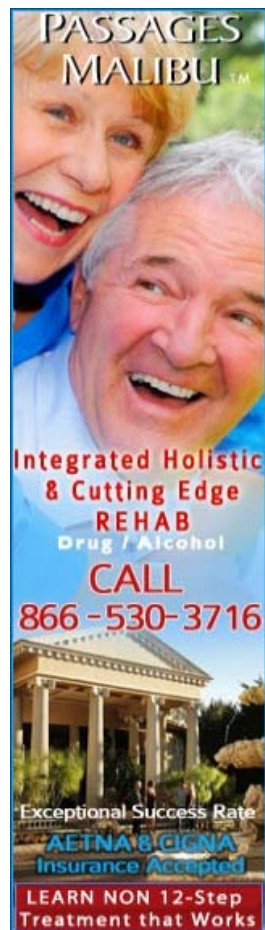


COLLECTIONS &gt; PRESCRIPTION DRUGS

ADS BY GOOGLE



**PASSAGES MALIBU**

Integrated Holistic & Cutting Edge  
**REHAB**  
Drug / Alcohol  
**CALL**  
**866-530-3716**

Exceptional Success Rate  
**AETNA & CIGNA**  
Insurance Accepted  
**LEARN NON 12-Step**  
Treatment that Works

**More Like This**

Pharmacy Benefit Companies Won't Disclose Fees

Critics Attack Secret Deals By Middlemen To Buy Drugs

Drug Middlemen Are Facing Pressure Over Rising Prices

**Find More Stories**

Prescription Drugs

## U.S. Accuses Merck Unit Of Cheating Health Plan

By MILT FREUDENHEIM  
Published: June 24, 2003

The Justice Department yesterday accused Medco Health Solutions, a large pharmacy benefit manager, of cheating the federal employees' health plan.

The government action, based on a four-year inquiry, accused Medco's mail-order unit of promoting the use of expensive drugs, charging for pills that were not delivered and favoring expensive drugs made by Merck & Company, which owns Medco, over less costly products.

Patrick L. Meehan, the United States attorney in Philadelphia, said the government was joining two whistle-blower civil lawsuits filed by two former Medco pharmacists and a physician, under federal and state false-claims laws.

ADS BY GOOGLE



**Cheddar Fix**  
Cheddar Cream Biscuits

**CABOT'S**  
Vermont  
Owned by Dairy Farmers Since 1919

Medco, which is based in Franklin Lakes, N.J., said in a statement that the charges were "absolutely untrue or reflect years-old isolated issues that were identified and corrected, and in no way and at no time compromised the quality of patient care."

The accusations against Medco were in sealed complaints filed in 1999 by George B. Hunt and Walter W. Gaucher, who had worked in the Medco mail-order center in Las Vegas, and in 2000 by Dr. Joseph Piacentile, identified only as a New Jersey physician.

The complaints were unsealed yesterday after a lengthy investigation by James Sheehan of the United States attorney's office in Philadelphia, together with the inspectors general of the Office of Personnel Management and the Department of Health and Human Services. Justice officials in Washington decided last week to join the whistle-blowers' suits, effectively taking them over. The suits have been assigned to Judge Anita Brody of Federal District Court in Philadelphia.

The government complaint will build on and add to the whistle-blowers' charges, officials said. The Federal Employees Health Benefit Program covers millions of employees, retirees and their families.

As summarized in a statement by Mr. Meehan's office, the charges also include destroying mail-order prescriptions to avoid penalties in meeting deadlines for filling the orders; changing prescriptions based on "misleading or false information provided to treating physicians"; and failing to comply with state laws requiring reviews of potential harmful interaction among drugs.

The announcement yesterday was the latest of a number of investigations of the tactics of pharmacy benefit management companies by federal and state officials, prompted in part by increasing drug costs.

ADS BY GOOGLE

 SIGN IN TO E-MAIL

 PRINT

 SINGLE-PAGE




**PASSAGES MALIBU™**  
Integrated Holistic & Cutting Edge Rehab  
for Drug / Alcohol Dependency

Exceptional Success Rate

LEARN NEW Advanced Treatment Methods

AETNA & CIGNA Ins. Taken

CALL  
866-530-3716

The advertisement banner features a scenic view of a building with columns on the left, a smiling man's face on the right, and a red button with white text in the center. The text is arranged in a clean, professional layout.

1 | 2 | [NEXT PAGE >](#)

[Home](#) | [Times topics](#) |

[Member Center](#)

[Copyright 2010 The New York Times Company](#) | [Privacy Policy](#) | [Help](#) | [Contact Us](#) | [Work for Us](#) | [Site Map](#) |

[Index by Keyword](#)