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Florida Attorney General's Office News Release

Millions Secured from Pharmaceutical Companies



TALLAHASSEE, Fla.—Attorney General Ashley Moody is taking action to claw back money owed to Florida's Medicaid Program. Following a multistate investigation into Royal Pharmaceuticals LLC and Seton Pharmaceuticals LLC, Attorney General Moody and a bipartisan group of attorneys general from across the country secured more than $10 million for the states' Medicaid programs. The nationwide investigation found that the two jointly-held pharmaceutical companies underpaid Medicaid drug rebates to all 50 states from 2013 to 2017.

Florida's Medicaid program will receive more than $4 million through efforts by Attorney General Moody and other state attorneys general.

Attorney General Ashley Moody said, "For years these pharmaceutical companies shortchanged Florida's Medicaid program—hurting the integrity of the taxpayer benefit and shortchanging Floridians. I am proud of the work of my Medicaid Fraud Control Unit and the team of attorneys general who worked together to stop it and secure millions for our states' Medicaid programs."

In July 2018, Royal and Seton self-reported an error in the companies' Medicaid Drug Rebate Program data to the North Carolina Medicaid Fraud Control Unit. As part of the MDRP, drug manufacturers are required to pay rebates to state Medicaid programs for each of the company's drugs that are covered by Medicaid. From September 2013 to January 2017, Royal and Seton inadvertently, yet inaccurately, reported the market date data element that is part of the Centers for Medicare and Medicaid Services' calculation of each drug's rebate amount.

The drugs at issue were two low-potency topical steroid products: Derma-Smoothe, made by Royal, and its generic equivalent, fluocinolone, made by Seton. This error caused CMS's rebate calculation to result in a lower calculated rebate amount, and consequently, Royal and Seton's rebate underpayments to several state Medicaid programs.

To read the Royal Pharmaceuticals agreement, click here.

To read the Seton Pharmaceuticals agreement, click here.

A team of states working under the auspices of the National Association of Medicaid Fraud Control Units worked the case. In addition to Florida, the team consisted of representatives from the Offices of the Attorneys General for the states of California, North Carolina, Texas and the Illinois State Police, Medicaid Fraud Control Bureau.

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The Florida MFCU is funded through a grant totaling $26,329,510 for Federal Fiscal Year 2021, from the U.S. Department of Health and Human Services Office of Inspector General. The Federal Share of these funds is 75% totaling $19,747,136. The State Matching Share of these funds is 25% totaling $6,582,374, and is funded by Florida.