



STATE OF CONNECTICUT
NEWS RELEASE

ATTORNEY GENERAL RICHARD BLUMENTHAL
DEPARTMENT OF SOCIAL SERVICES

TUESDAY, MARCH 30, 2010

***ATTORNEY GENERAL, DSS ANNOUNCE \$1.115 MILLION RECOVERY
FROM RG PHARMACY FOR BILLING FRAUD***

Attorney General Richard Blumenthal and Department of Social Services (DSS) Commissioner Michael P. Starkowski today announced a \$1.115 million settlement with the bankruptcy estate of RG Pharmacy, Inc. and its former owner, Roy D. Katz, for illegally billing the state's Medicaid program.

A DSS audit revealed that RG Pharmacy of Manchester had illegally converted prescriptions of 30-day supplies or greater into smaller, multiple prescriptions for seven-day supplies.

Over the course of several years, RG Pharmacy used this practice to charge DSS several dispensing fees for each of these smaller prescriptions -- rather than one fee for the single prescription.

Today's settlement reimburses the Connecticut Medicaid Program for losses incurred by RG Pharmacy's practices. The money will be divided between the state and federal governments, which jointly fund the program.

The settlement also prohibits RG Pharmacy and Katz -- which have since sold the Manchester store -- from participating in any government health care program for at least seven years going forward.

Blumenthal said, "This \$1.115-million recovery reimburses state and federal taxpayers for excessive, illegal charges for prescription drugs under the Connecticut Medicaid Program. This significant settlement should be a pound of prevention against other lawbreakers -- sending a message that deceptive billing practices by health care providers will be discovered and pursued."

Starkowski said, "While most Medicaid-enrolled providers are honest and above board, this monumental case shows why continued vigilance is necessary to uncover and root out fraud. It's significant that a routine audit ended up

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exposing a pattern of pharmacy fraud and returning over \$1.1 million to taxpayers.”

Blumenthal and Starkowski thanked those in their offices who worked on the case -- including DSS auditor Michael Elkin, who first identified the billing scheme, and Quality Assurance Director John F. McCormick; Assistant Attorneys General Karla Turekian and Rick Porter and Forensic Fraud Examiners Larry Marini and Dave Boucher, under the direction of Assistant Attorney General Arnold Menchel, head of the Attorney General’s Health Care Fraud Unit.

Blumenthal and Starkowski also thanked the U.S. Attorney’s Office for its work on this matter, as well as the Chief State’s Attorney’s Office for taking separate, but related, criminal action.

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