

# Alabama Medicaid Agency



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CAROL HERRMANN STECKEL, MPH  
Commissioner

July 31, 2008

TO: NASMD Members

FROM: Carol H. Steckel  
Chair, NASMD Executive Committee

SUBJECT: Alabama Drug-Pricing Fraud Litigation

Please consider this message a “national alert” on the issue of truth-in-pricing affecting the tremendous costs we all pay for pharmaceutical products for our Medicaid recipients. With the help of Alabama’s Attorney General, we are vigorously pursuing lawsuits against 72 drug manufacturers for falsely reporting reimbursement drug prices to our state. In three cases thus far, juries of Alabama citizens have returned verdicts totaling \$274 million in compensatory and punitive damages. In the first trial, the Presiding Judge’s Order in Montgomery County’s Circuit Court described the drug company’s conduct as “reprehensible.” More trials on the issues of fraud are imminent here beginning October 27. I also know that several other states have filed, or are considering filing similar lawsuits.

I welcome any of you that are interested in this issue to follow these Alabama cases closely. All contain significant national issues on drug-pricing policy and practice. Most importantly, these Alabama cases reveal the true impact of dishonest drug prices on fragile human lives, as well as the integrity of our respective, precarious state budgets for Medicaid and our partner agencies. I strongly encourage you or your staff to observe the upcoming trials in Alabama and to support us in our mutual tasks of drug price accuracy and truthfulness.

I would like to appoint a Task Force consisting of interested members of our association to focus intensely on fraudulent drug-pricing issues, including additional resources and/or expert staffing all states may need to combat predatory pricing practices.

Please let me know if you are interested in serving on the Drug-Pricing Fraud Prevention Task Force of NASMD. This will give us all an opportunity to coordinate our efforts. In addition, I believe it is vitally important that Congress and our state legislatures understand the various issues we are facing when it comes to pharmaceutical prices.

I am pleased to report that our Alabama cases have the strong, active support of the national AARP and its 504,000 Alabama members. We in Alabama welcome your support and insights in these crucial days affecting all of our programs and those citizens we serve.

I hope you all will join me on the Task Force as we work to protect our agencies.