

PRESS RELEASE

Injured Workers Pharmacy to Pay \$10 Million to Resolve Allegations of Improper Dispensing and Submitting False Claims

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For Immediate Release

U.S. Attorney's Office, District of Massachusetts

Andover-based retail pharmacy that fills prescriptions for injured workers nationwide failed to address prescriptions flagged for high opioid doses, early refills and dangerous combinations

BOSTON – Injured Workers Pharmacy (IWP) – the largest purchaser of opioids in the United States, among retail pharmacies – has agreed to pay \$10 million to resolve allegations that it violated the Controlled Substances Act by improperly filling prescriptions for controlled substances, including opioids, and submitting false claims for payment to the Department of Labor. In addition, IWP will also enter into a five-year corrective action plan with the Drug Enforcement Administration (DEA).

As part of the settlement agreement, IWP admitted that between 2014 and 2019 it failed to adequately address prescriptions with “red flags,” including high doses of opioids, early refills and dangerous drug combinations, before dispensing them to injured workers. “Red flags” indicate prescriptions that may not have been issued for a legitimate medical purpose, such as abuse or diversion. IWP previously settled a parallel investigation by the Massachusetts Attorney General into its dispensing practices.

The settlement also concerns IWP’s claims for payment submitted to the Department of Labor, which administers the federal workers’ compensation program. In 2017, in an effort to curb opioid abuse among injured federal workers, the Department of Labor began reviewing claims and flagged concerning prescriptions – a process called a Drug Utilization Review (DUR). Before paying claims flagged for a DUR, the Department of Labor requires pharmacies to represent that a pharmacist or the prescribing medical

professional addressed the concerns raised by the DUR. As part of the settlement, IWP admitted that, between 2017 and 2019, IWP's claims employees routinely represented to the Department of Labor that IWP consulted with prescribers about DURs when, in fact, IWP did not consult with those prescribers. Instead, claims employees, who lacked clinical pharmacy experience and training, submitted codes representing "prescriber consulted" without consulting IWP pharmacists or prescribers.

Under the terms of the settlement, over the next five years, DEA is allowed to conduct unannounced inspections of IWP without Administrative Inspection Warrants. The DEA monitors pharmacy prescribing practices to ensure compliance with federal law. Pharmacies found in violation face escalating penalties including revocation of their DEA Registration number – the authorization that allows them to write prescriptions for controlled substances.

To address issues uncovered in the investigation, IWP made improvements in its pharmacy practices. For example, the company developed additional procedures to review high-risk prescribing; increased training for all employees; eliminated production quotas for pharmacists and staff; implemented a drug diversion team to implement, establish and maintain diversion controls throughout the pharmacy; and established protocols to reduce losses of prescriptions shipped through the mail. The company also retained additional personnel to address high-risk prescribing, including a new chief compliance officer and a pain management specialty pharmacist. Prior to the settlement, IWP stopped dispensing prescriptions through the Department of Labor's workers compensation program.

"Last week brought disturbing reports that opioid overdose deaths only increased last year in Massachusetts. Pharmacies are on the front lines of the prescription pill and opioid epidemic devastating our communities," said Acting United States Attorney Joshua S. Levy. "Pharmacies that distribute dangerous prescription pills have a solemn responsibility to comply with measures enacted to curb abuse and addiction. Prosecutors in our office in the Civil and Criminal Divisions are working every day to fight the scourge of opioids, whether it is prosecuting traffickers, holding pharmacies and manufacturers accountable, or ensuring access to treatment for substance use disorder. We will not relent in our effort to protect the people of Massachusetts from these dangerous drugs."

"The DEA is committed to ensuring that all registrants are in compliance with the required regulations, which are enforceable through the Controlled Substances Act," said Brian D. Boyle, Special Agent in Charge of the Drug Enforcement Administration, New England Field Division. "Failure to do so increases the potential for diversion and jeopardizes public health and public safety. DEA pledges to work with our law

enforcement and regulatory partners to ensure these rules and regulations are followed.”

“Injured Workers Pharmacy (IWP) enriched themselves by submitting false claims to the U.S. Department of Labor (DOL) between December 12, 2017, and September 26, 2019. We will continue to work with our law enforcement partners and the Office of Workers’ Compensation Programs to protect the integrity of the DOL’s benefit programs,” said Jonathan Mellone, Special Agent-in-Charge, Northeast Region, U.S. Department of Labor Office of Inspector General.

“This settlement allows the OWCP to recover medical bill payments under the Federal Employees’ Compensation Act and return these funds to the Employees’ Compensation Fund,” said Office of Workers’ Compensation Director Christopher J. Godfrey. “It also shows the commitment of the Department of Labor to ensuring that program funds are used as the law requires, and the benefits of having the department’s Office of the Inspector General devote significant investigative resources to detecting cases of possible abuse within the FECA program.”

Acting U.S. Attorney Levy, DEA SAC Boyle, DOL-OIG SAC Mellone and OWCP Director Godfrey made the announcement today. Assistant U.S. Attorneys Brian M. LaMacchia and Jessica J. Weber of Levy’s Affirmative Civil Enforcement Unit handled the matter.

[US v. Injured Workers Pharmacy - Settlement Agreement](#)

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FALSE CLAIMS ACT

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