

**Public Employee Press  
Union busts crooked drug firms**

Huge price fixer must pay \$350 million in damages

**By Gregory N. Heires**

The McKesson Corp. has agreed to pay \$350 million to settle a lawsuit brought by DC 37 and others who charged the drug wholesaler with illegally inflating the price of members' medications.

In November, McKesson agreed to settle the case, which accused the firm of fixing prices in 2001 and 2002. The proceeds — including millions of dollars in damages for the DC 37 Health and Security Plan — will go to health plans and consumers.

In the 2006 suit, the DC 37 plan and a group of plaintiffs charged that McKesson conspired to fraudulently inflate the prices of more than 400 prescription drugs by manipulating price information published by First DataBank. The suit was filed under the Racketeer Influenced and Corrupt Organizations Act (RICO) and the settlement is one of the largest of its type.

"DC 37 is fighting a huge battle to provide quality prescription drug coverage for our members," said DC 37 Executive Director Lillian Roberts. "It doesn't help when those in the industry make it more difficult by rigging the system."

First DataBank settled quickly, but McKesson, whose annual revenues top \$500 billion, refused to settle until now.

McKesson was charged with creating the price-fixing scheme to benefit key retail clients who might otherwise have purchased wholesale prescriptions from its competitors. The lawsuits charged that the McKesson/First DataBank scheme raised the markup on hundreds of brand-name drugs from 20 percent to 25 percent.

DC 37 and three other union members of Prescription Access Litigation, a nationwide coalition of more than 120 senior, labor and consumer health advocacy groups that is fighting to make prescription drugs more affordable, participated in the lawsuit.

DC 37 Health and Security Plan Administrator Cynthia Chin-Marshall said the plan expects compensation in the settlement "for the millions of dollars in inflated prices we've been forced to pay."

"Hopefully we have taught the drug industry a lesson and they will refrain from fixing prices in the future," said Audrey A. Browne, the plan's director of regulatory compliance.

You can view the article on the District 37 Web site at [http://dc37.net/news/PEP/12\\_2008/McKesson\\_druglawsuit.html](http://dc37.net/news/PEP/12_2008/McKesson_druglawsuit.html).

