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NEWS RELEASE



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**ALASKA ATTORNEY GENERAL JOINS OTHER STATES URGING WITHDRAWAL
OF NEW RULE THAT WOULD ALLOW DESTRUCTION OF SECRET
PHARMACEUTICAL PRICING INFORMATION**
*Destruction of Documents Could Interfere with Ongoing State Drug Pricing Cases and
Investigations*

(Juneau, AK) - Attorney General Gregg Renkes joined 43 other states, the District of Columbia, and Puerto Rico in sending a letter to Secretary of Health and Human Services Secretary Tommy Thompson and Center for Medicare and Medicaid Services Administrator Thomas A. Scully urging them to immediately withdraw a new rule that would allow pharmaceutical companies to destroy crucial drug pricing information that could interfere with ongoing state litigation and investigations into drug pricing practices that have allegedly defrauded Medicaid programs. Massachusetts Attorney General Tom Reilly and New Hampshire Attorney General Peter W. Heed sponsored the letter.

“Alaska has a strong interest in the fair pricing of drugs under the Medicaid Program,” Attorney General Gregg Renkes said. “It is very important that we join with other states in objecting to this rule that could damage our ability to pursue fair drug pricing.”

Under the rule -- which was published in the Federal Register on August 29 and is scheduled to take effect January 1, 2004 -- manufacturers would be permitted to destroy records and data used to calculate average manufacturer drug prices and best prices for government purchasers of drugs three years after the manufacturer reports the data to the Centers for Medicare and Medicaid Services (CMS) - the government entity that regulates Medicaid and Medicare programs. The manufacturer would be required to retain the records only if it was "aware" of an unresolved audit or government investigation related to average manufacturer price or best price.

“Alaska routinely receives hundreds of thousands of dollars a year from drug manufactures as a result of negotiations between the manufacturers and Medicaid fraud control units across the country,” Assistant Attorney General Don Kitchen explained. “The individual state Medicaid fraud units coordinate their efforts through the National Association of Medicaid Fraud Control Units – an organizations that relies heavily on the data the manufacturers seek to be able to destroy through the proposed rule.”

Kitchen added that many of the drug pricing cases take years of preliminary work before the investigation is made known to the manufacturer. Other cases involve fraud that goes back further than the three year "look-back" period envisioned by the proposed rule.

Attorneys General from the following states have signed on to the letter: Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, the District of Columbia and the Commonwealth of Puerto Rico. Attorney General Charlie Crist of Florida signed onto Attorney General Reilly's letter but also sent his own letter of protest.

The letter was hand delivered Tuesday, October 28, 2003 to Thompson and Scully and states that the rule would "permit prescription drug manufacturers to destroy critical evidence of their price reporting and pricing practices."

Alaska routinely benefits from cases brought in other states. The Attorneys General of California, Connecticut, Florida, Kentucky, Massachusetts, Minnesota, Montana, Nevada, New York, Texas and West Virginia, have brought lawsuits against various pharmaceutical manufacturers alleging illegal price manipulation and inflation. Federal law enforcement agencies and many state Attorneys General also have ongoing civil and criminal investigations involving alleged violations of Medicaid Rebate statutes, federal and state anti-kickback statutes and false claims laws. Numerous cases have been filed under seal throughout the country under federal and state anti-kickback and false claims statutes.

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