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**HAWAII RECEIVES MORE THAN \$700,000 IN MYLAN SETTLEMENT**

HONOLULU- Attorney General Doug Chin announced today that Hawaii has joined the United States, the District of Columbia, and all 49 other states in settling allegations against Mylan Inc. and its wholly-owned subsidiary, Mylan Specialty L.P. (collectively "Mylan"). The settlement resolves allegations that Mylan knowingly underpaid rebates owed to the Medicaid program for the drugs EpiPen and EpiPen Jr. ("EpiPen") dispensed to Medicaid beneficiaries. Mylan owns the exclusive rights to sell EpiPen in the United States and possesses legal title to the New Drug Codes ("NDCs") for EpiPen.

Pursuant to a settlement Mylan entered with the United States in August, Mylan was to pay up to \$465 million to the United States and the states, depending on the number of states that joined the settlement. As of Friday, September 29<sup>th</sup>, all fifty states and the District of Columbia had joined the settlement; as a result, the states will share \$213,936,000 of the total settlement of \$465 million. Hawaii's share of the settlement is \$742,679.02, which will be split between the Med-Quest program at the Department of Human Services as restitution and the Medicaid Fraud Control Unit at the Department of the Attorney General for its continued enforcement efforts.

The Medicaid Drug Rebate Statute was enacted by Congress in 1990 to keep costs down for Medicaid's payment for outpatient drugs. The law requires participating drug makers and NDC holders such as Mylan to sign a rebate agreement with the Secretary of the U.S. Department of Health and Human Services. That agreement is a precondition to drug makers getting Medicaid coverage for their drugs, and to pay quarterly rebates to state Medicaid programs for drugs dispensed to Medicaid beneficiaries. NDC holders must provide information to the Centers for Medicare and Medicaid Services ("CMS") concerning their covered drugs. In particular, they must advise CMS regarding the classification of a covered drug as an "innovator" or "noninnovator" drug. This is because the amount of rebates owed varies depending on the drug's classification. The amount of the rebate also depends on pricing information provided by the manufacturer. For drugs classified as "innovator" drugs, NDC holders must report their "Best Price," or the lowest price for which it sold a covered drug in a particular quarter.

Specifically, this settlement resolves allegations that from July 29, 2010 to March 31, 2017, Mylan submitted false statements to CMS that incorrectly classified EpiPen as a “noninnovator multiple source” drug, as opposed to a “single source” or “innovator multiple source” drug. Mylan also did not report a Best Price to CMS for EpiPen, which it was required to do for all “single source” and “innovator multiple source” drugs. This meant Mylan submitted false statements to CMS and the States relating to EpiPen for Medicaid rebate purposes, and underpaid its EpiPen rebates to the State Medicaid Programs.

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