



DEPARTMENT OF THE ATTORNEY GENERAL

DAVID Y. IGE
GOVERNOR

DOUGLAS S. CHIN
ATTORNEY GENERAL

For Immediate Release
January 3, 2018

News Release 2018-02

**K-MART TO PAY MORE THAN EIGHTY FOUR THOUSAND DOLLARS
FOR OVERBILLING HAWAII MEDICAID CUSTOMERS**

HONOLULU – Attorney General Doug Chin, along with other states and the federal government announced today that Kmart Corporation, owned by Sears Holdings Management Corporation (Kmart), agreed to settle allegations that Kmart charged the Hawaii Medicaid program more than its usual and customary charge for certain drugs. Under the Settlement Agreement, Kmart agreed to pay a total settlement of **\$84,192.68** to resolve the overbilling allegations in Hawaii. The settlement proceeds will be shared between the Federal and state government.

The **Hawaii Medicaid Fraud Control Unit** in the Attorney General's office worked with several states' Medicaid Fraud Control Units and the United States Department of Justice, to resolve these allegations impacting the State of Hawaii during the time period of September 1, 2004 through December 31, 2014.

In the mid-2000s, Kmart, along with many other pharmacies, began offering discounted generic drugs to their cash paying customers (typically \$4 for a thirty day supply). Kmart then began charging \$15 for a ninety day supply. The program was later expanded to include thirty and sixty day supplies. Although some pharmacies with similar programs gave federal health care programs the benefits of these prices, it was alleged that Kmart did not. Rather, Kmart billed and received \$5 from Medicaid for a prescription that cash paying customers could purchase for \$4. As a result of Kmart's actions, Kmart received reimbursement amounts from Medicare, Medicaid and other federal healthcare programs that were higher than it was entitled to receive in violation of federal and state false claims statutes.

Attorney General Doug Chin said, "Thanks to the work of the Medicaid Fraud Control Unit in Hawaii and elsewhere, state and federal taxpayer dollars have been recovered."

###

For more information, contact:

Dana O. Viola

Department of the Attorney General
News Release 2018-2
Page 2

Special Assistant to the Attorney General
(808) 586-1284
Email: Dana.O.Viola@hawaii.gov
Web: <http://ag.hawaii.gov>
Twitter: @ATGHlgov