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Secret, double life of a Walgreens druggist

By **JAMES ELI SHIFFER**, Star Tribune

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Neil Thompson arrived at Walgreens eight years ago with a pharmacist's calm demeanor, a disarming smile and an impeccable résumé that dated back to his boyhood at the family drugstore in south Minneapolis.

What Walgreens didn't know was that its new part-time employee had an ulterior motive: to expose the way pharmacies sometimes broke the law to make money. Thompson was so determined to stop the cheating that at age 45, he became a lawyer.

Starting in 2005, Thompson worked as a government-sanctioned undercover investigator, poring through records in the back offices of Walgreens stores. Little by little, he and a co-employee developed a case that Walgreens was overcharging Medicaid by millions.

Late last month, the secret lawsuit that Thompson and pharmacist Dan Bieurance filed against Walgreens became public. The U.S. Department of Justice announced that the pharmacy giant would pay \$9.9 million to settle the case. The company said it had changed its procedures to end the overbilling. For turning in their employer, Thompson and Bieurance stand to gain \$483,000 each.

"I would have done it even if there wasn't a reward," said Thompson, 54. "It's patriotic. You should do it. It saves taxpayers' money."

Thompson started working in his father's drugstore, Nile Pharmacy, when he was 12. A shelf of antique medicine bottles in his office speaks to his 31-year career dispensing medicine. But the old family pharmacy is now his law firm, revealing the extraordinary path he has taken over the past decade.

Pharmacist turned lawyer

By the late 1990s, Thompson recognized that the pharmacy world had changed. Despite neighborly service, the corner stores couldn't compete with big chains that could negotiate better deals with insurance companies.

But Thompson realized that he had gained something quite valuable from his years as a pharmacist. He understood the arcane world of pharmacy billing and reimbursements. He knew laws were being bent and outright violated. Why not capitalize on his knowledge?

Thompson sold the family pharmacy and studied for a law degree at William Mitchell in St. Paul. As a freshly minted lawyer, he started planning class-action lawsuits about drug reimbursements.

At the same time, Thompson donned his white coat once again and went to work at Walgreens. From the beginning, he looked for billing irregularities and other evidence that his employer -- which had net sales of \$53 billion in 2007 -- might be cheating.

The opportunity came with the prescription billing for certain customers, often AIDS patients, who carry both Medicaid and private health insurance. For these "dual eligible" patients, Walgreens computers incorrectly billed the government for the higher price allowed under Medicaid than under private insurance. A 60-pill refill might bring Walgreens \$55 from Medicaid, for example, when the government should have paid only \$27.

Supervisors who trained Thompson and Bieurance taught them to bill the government correctly by bypassing Walgreens computer program. In 2004, however, Thompson and Bieurance noticed that other Walgreens employees were still using the computer, which was programmed to overcharge Medicaid.

Thompson and Bieurance complained to Walgreens managers. They were told to use the program anyway. In Thompson's view, no one outside the company would ever detect the overbilling. Unless he came forward.

In law school, Thompson had read about the False Claims Act. It dates to the Civil War, when President Abraham Lincoln wanted to encourage people to turn in war profiteers defrauding the government. Under the law, a tipster can get a cut of any money the government recovers with their help.

More recently, that law has been used against drug companies, health care providers and others who have skimmed millions from immense federal entitlement programs such as Medicare and Medicaid. It's an unusual process. A lawsuit is filed in secret, and the whistleblower becomes a federal informant. The law offers protection against retaliation if the company discovers the insider.

Thompson and Bieurance enlisted the help of three lawyers: Brian Wojtalewicz, James VanderLinden and Robert Christensen. In February 2005, they contacted the U.S. attorney in Minneapolis. The nation's largest pharmacist, they said, had been overcharging taxpayers for at least six years. An investigation was started.

That December, about 20 FBI agents gathered at the federal prosecutor's office for a seminar in Medicaid dual eligibility billing, taught by Neil Thompson. Walgreens was about to learn the price of ignoring his complaints.

The following month, in a choreographed action, FBI agents paid visits to the homes of Walgreen managers and executives across Minnesota. The unannounced guests that Sunday night in January 2006 were a dramatic sign that the government was serious about cracking down on abuse of its Medicaid reimbursements.

Victory after four years

Then the investigation slowed. Bieurance left Walgreen's in 2006 for another pharmacy job. Thompson was alone with his secret. His wife, Liz, worried that the giant corporation would retaliate. Her husband never showed the stress to the family, she said.

But "I was waiting any day for someone to come in and say, 'We don't want you here anymore,'" Thompson said.

The investigation dragged on, through 2007, with no resolution. Early this year, Walgreens learned the identities of the two whistleblowers. Finally, in September, Illinois-based Walgreen Co. agreed to repay the government \$9.9 million, officially admitting no wrongdoing. It was the third settlement of a False Claims Act lawsuit against Walgreen.

Company spokesman Michael Polzin called them "inadvertent billing errors. ... We've already changed our system to comply with these unique billing procedures, and we've also added training in these states to ensure those procedures are followed."

Nearly four years after Thompson first raised his voice about billing abuses, customers and co-workers learned the druggist had led a double life.

A longtime customer wrapped her arms around him. "This is what people should be doing," Thompson recalled she told him. "Good for you."

These days, Thompson still works at the Walgreens at 46th and Hiawatha. He drives the mile home to his old family pharmacy at 38th Street and 23rd Avenue South, now lit with a green neon scale of justice.

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