



OFFICE OF THE
UTAH STATE AUDITOR

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Office of the Utah State Auditor Releases
A Performance Audit of Medicaid Prescription Drug Controls

Insufficient Medicaid controls may have permitted improper payments for some controlled substance prescriptions

Salt Lake City, UTAH –

The Office of the Utah State Auditor (Office) today released its *Performance Audit of Medicaid Prescription Drug Controls* to evaluate the strength of controls that should minimize overutilization of Medicaid-funded prescription drugs. Medicaid prescription drug controls are administered in Utah by the Division of Health Care Financing (DHCF), which is also referred to as the Division of Medicaid and Health Financing (DMHF).

Insufficient or lacking controls may have allowed improper Medicaid payment for controlled substance prescriptions written and dispensed by ineligible providers. Failure to properly control prescription drug utilization may result in fraud, waste, and abuse of Medicaid services and unnecessary public safety risks. The DHCF should strengthen prescription drug controls to ensure proper Medicaid recipient access to controlled substances.

The audit consists of eight findings and 32 recommendations in two sections that evaluate controls intended to prevent improper use and overutilization. The report also noted weaknesses in DHCF's Data Warehouse that may impair effective decision making.

Section 1: Pharmacy Claims Data Indicates Control Weaknesses And Database Errors

DHCF final pharmacy claims data appears to reflect both inappropriate payment for prescription drugs and database errors. The three findings from this section include:

- *Finding 1:* Pharmacy Claims Data Indicates Payment For Prescriptions Written By Deceased Prescribers
- *Finding 2:* Pharmacy Claims Data Indicates Payment For Prescriptions Dispensed To Deceased Recipients
- *Finding 3:* Pharmacy Claims Data Indicates Payment For Prescriptions Written By Ineligible Prescribers

The report recommends that DHCF improve controls designed to prevent payment for prescriptions written or dispensed by ineligible providers. Improved controls may decrease overutilization and its accompanying costs and risks.

Section 2: The Client Restriction Program Needs Improvement

The DHCF Client Restriction Program (CRP), which is intended to minimize recipient overutilization, does not always effectively identify and prioritize the review of recipients qualifying for restriction or objectively evaluate client utilization. The five findings from this section include:

- *Finding 4: Pharmacy Claims Data Indicates Payment To Unassigned Providers¹*
- *Finding 5: CRP Reviews Indicate Areas For Improvement*
- *Finding 6: Inconsistent Restriction Reviews May Allow Overutilization To Continue*
- *Finding 7: Surveillance and Utilization Review System Reports Exclude Some High-Risk Recipients*
- *Finding 8: The CRP Does Not Always Review And Restrict High-Risk Recipients*

Improving weaknesses in the CRP will enable DHCF to more reliably identify and restrict Medicaid recipients whose behavior demonstrates risks of overutilization.

The Office believes that implementing the audit's recommendations will improve controls and data integrity to ensure the proper use of Medicaid funds and to decrease the availability of controlled substances dispensed contrary to applicable statutes, rules, and policies.

The full report and accompanying audit brief may be found on the Office's website, auditor.utah.gov, and the report can be found specifically at <http://financialreports.utah.gov/saoreports/2016/PA16-02MedicaidPrescriptionControlsHealth,Departmentof.pdf>.

About the Office of the Utah State Auditor

The Office of the Utah State Auditor provides Utah taxpayers and government officials with an independent assessment of financial operation, statutory compliance, and performance management for state and local government.

Specific activities of the Office include performing financial audits, conducting Federal funds compliance audits, providing local government oversight, conducting agency and program performance audits, performing fraud and compliance audits, and operating the State Auditor Hotline for citizens to report suspected financial issues or improprieties. These capabilities strengthen Utah State Government and help taxpayers have confidence in the integrity of Utah's government agencies.

The Utah State Auditor is a Constitutional Officer of the State of Utah, elected directly by the state's citizens every four years. The role of the Utah State Auditor is authorized in Article VII, Section 15 of the Utah Constitution. For more information, see auditor.utah.gov.

¹ The CRP is authorized to restrict recipients who overutilize Medicaid services to one specific Primary Care Provider and one pharmacy. Unassigned providers include prescribers and pharmacies to whom the recipient is not restricted.

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