OFFICE OF THE
UTAH STATE AUDITOR

AUDIT BRIEF

A Performance Audit of Medicaid Prescription Drug Controls

Strengthened prescription drug controls could minimize overutilization and promote public safety

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 Division of Health Care Financing (DHCF) should strengthen prescription drug controls to ensure proper Medicaid recipient access to controlled substances, which can be addictive and harmful if consumed improperly.

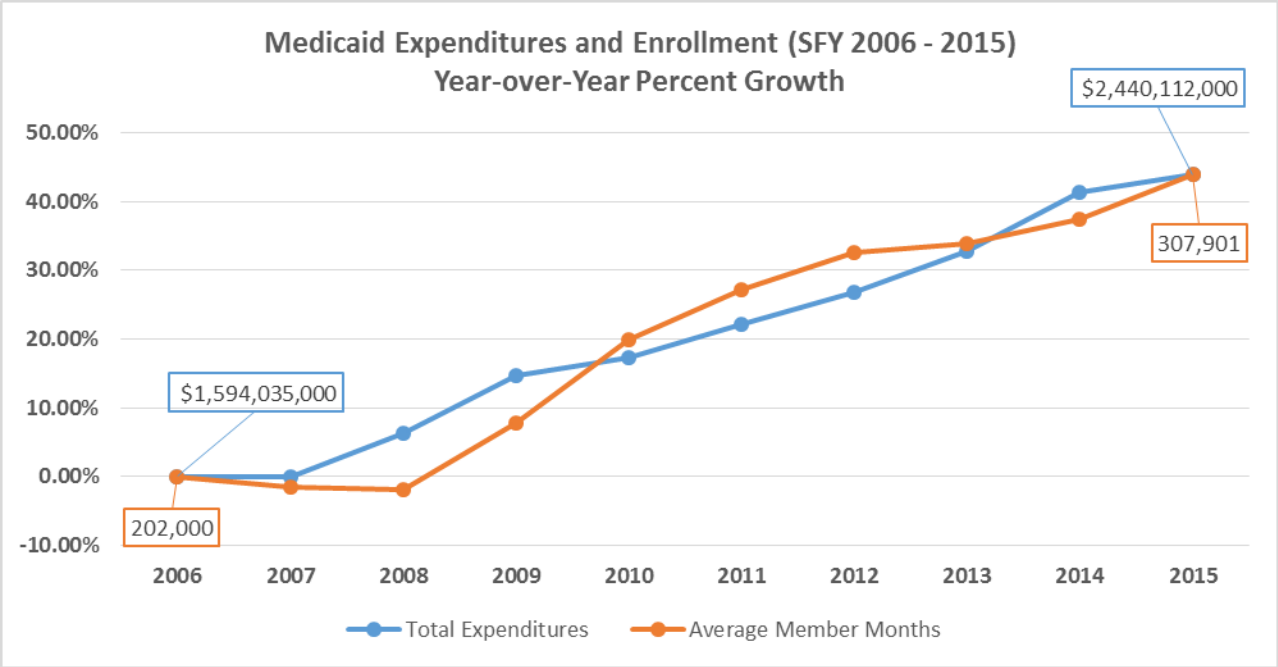
Specifically, DHCF should strengthen controls to help prevent misuse of Medicaid funds and prescription drugs by:

Utah Medicaid Facts
State Fiscal Year 2015

Total Recipients	307,901
Average year-over-year percent change since 2006	4.4%
Total Expenditures	$2.4 billion
Average year-over-year percent change since 2006	4.4%
Pharmacy Expenditures	$112.7 million

Source: OSA analysis of CAFR, Medicaid Annual Report, and CDC WONDER data.

- Ensuring pharmacy claims in the DHCF Data Warehouse accurately represent final, paid claims
- Preventing payment for prescriptions written by deceased prescribers
- Preventing payment for prescriptions written or dispensed to deceased recipients
- Preventing payment for claims written or dispensed by ineligible providers
- Preventing payment for claims written or dispensed by providers not assigned to restricted recipients
- Conducting client restriction reviews consistently and in compliance with policy
- Revising Surveillance and Utilization Review System (SURS) reports to better prioritize high risk recipients for review

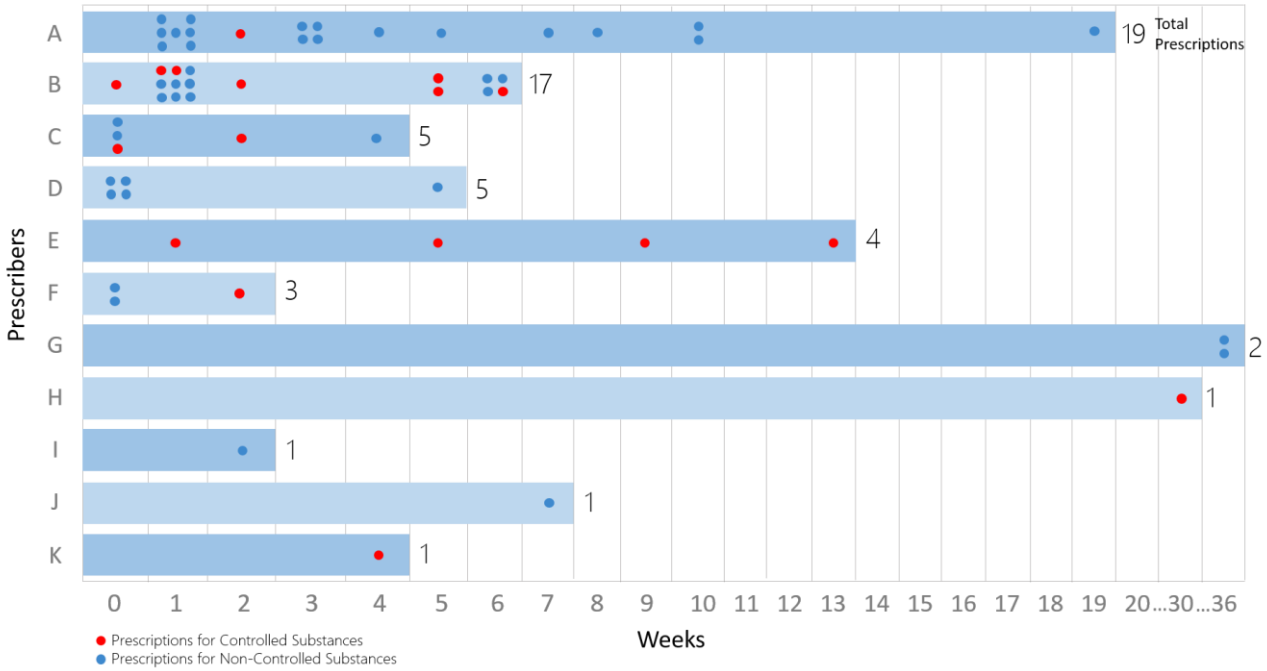


Source: OSA Analysis of CAFR and Medicaid Annual Report Data.

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.[1] The three findings in this section demonstrate this concern.

Finding 1: Pharmacy Claims Data Indicates Payment For Prescriptions Written By Deceased Prescribers. DHCF appears to have paid for 59 prescriptions that were written after the death of 11 prescribers, including some prescriptions that were written more than eight months after the prescriber's death. The following figure details the timing for prescriptions written after the death of these 11 prescribers.



Source: OSA analysis of DHCF pharmacy claims and OVRS death data.

Additionally, almost 30 percent of these posthumously-issued prescriptions were controlled substance prescriptions. Seven of the 11 prescribers had prescriptions for controlled substances written after their deaths, and 11 Medicaid recipients received those drugs, totaling 17 prescriptions.

Finding 2: Pharmacy Claims Data Indicates Payment For Prescriptions Dispensed To Deceased Recipients. DHCF appears to have paid for 52 prescriptions that were *dispensed* subsequent to the death of the 25 recipients to whom the prescriptions were prescribed. In addition, seven prescriptions appear to have been *written* after the death of the recipient and eight prescriptions were controlled substance prescriptions.

Finding 3: Pharmacy Claims Data Indicates Payment For Prescriptions Written By Ineligible Prescribers. DHCF appears to have authorized payment for 234 prescriptions—including 51 prescriptions for opioids—written by prescribers not enrolled to prescribe to Medicaid recipients. Additionally, according to the DHCF Data Warehouse final pharmacy claims data, DHCF appears to have authorized payment for 138 prescriptions written by two prescribers who were sanctioned by DHCF.

[1] Data detailed in this brief represents final, paid Medicaid pharmacy claims according to DHCF's Data Warehouse final claim indicators. For information regarding a potential data error within DHCF's Data Warehouse, see Appendix A.

SECTION I RECOMMENDATION SUMMARY

We recommend that DHCF:

- Review pharmacy claims identified within Findings 1 – 3 to determine whether they are final, paid claims within the DHCF Data Warehouse.
- Ensure that both DHCF and the affordable care organizations (ACO) are properly preventing payment for
  - claims for prescriptions written subsequent to a prescriber's death
  - claims for prescriptions written or dispensed subsequent to a recipient's death
  - claims for prescriptions written or dispensed by ineligible providers.
- Ensure that ACOs properly enroll providers in the Utah Medicaid Program.
- Investigate each validly paid, final prescription claim included within Findings 1 – 2 and refer cases to the appropriate authority, as needed.
- Take action in accordance with federal regulation to
  - identify individuals engaged in questionable practices or potentially fraudulent or abusive conduct;
  - investigate any questionable practices and/or potentially fraudulent or abusive conduct to the extent necessary to resolve concerns; and
  - refer cases of fraud and abuse to law enforcement or the Medicaid Control Fraud Unit within the Office of the Attorney General, as necessary.
- Ensure that suspected civil and criminal violations of the *Utah False Claims Act* are referred promptly to the attorney general for investigation and possible prosecution.

Section 2: The Client Restriction Program Needs Improvement

DHCF's Client Restriction Program (CRP)—which is intended to minimize recipient overutilization[2]—is authorized to restrict recipients who overutilize Medicaid services to one specific Primary Care Provider and one pharmacy. However, the CRP does not always effectively identify and prioritize the review of recipients qualifying for restriction or objectively evaluate client utilization.

Finding 4: Pharmacy Claims Data Indicates Payment To Unassigned Providers.[3]

It appears that approximately 19 percent of restricted recipients received prescriptions written or dispensed by an unassigned provider, contrary to DHCF policy and administrative rule. DHCF appears to have authorized payment for both (1) prescriptions written by unassigned prescribers and (2) prescriptions filled at unassigned pharmacies.

Finding 5: CRP Reviews Indicate Areas For Improvement.

Some fee-for-service (FFS) Medicaid recipients were not selected for restriction despite qualifying evidence following CRP reviews. Additionally, almost a quarter of evaluated CRP reviews conducted had inaccuracies and/or lack of documentation identified in a quality control review. Enhanced quality control may help improve CRP reviewer consistency and compliance with policy.

[2] "Overutilization" is defined as "the use of medical services at a frequency or amount that is above what is medically necessary." Utah Admin. Code R414-29-2(1).

[3] Unassigned providers include prescribers and pharmacies to whom the recipient is not restricted.

Finding 6: Inconsistent Restriction Reviews May Allow Overutilization To Continue.
CRP review adjustments resulted in almost 25 percent of the reviewed recipients in our sample no longer qualifying for restriction according to specific CPR restriction criteria. Additionally, some reviewer decisions appear to be made inconsistently and contrary to policy. Finally, some CRP reviewers did not appear to consider concurrent prescribing in restriction decisions, which may allow recipients with drug seeking behaviors to continue to receive controlled substances funded by Medicaid.

Finding 7: SURS Reports Exclude Some High-Risk Recipients.
DHCF does not appear to fully identify all Medicaid recipients who may be at risk for overutilization and potential fraud in its monthly SURS reports. Additionally, the SURS reports do not appear to be consistent with established restriction criteria and policy.

Finding 8: The CRP Does Not Always Review And Restrict High-Risk Recipients.
Even assuming the SURS reports were programmed and generated correctly, restriction reviews do not always account for the highest-risk recipients. In addition, CRP reviewers appear to spend a considerable amount of time working on affordable care organization (ACO) related matters, limiting the number of FFS reviews. CRP staff also do not appear to account for the frequency with which recipients appear on the SURS reports during the review process. The following chart shows the number of recipients reviewed and the number of times they appeared on SURS reports we reviewed.

SURS Reports	Total Recipients	Recipients Reviewed	Percentage
6	1,151	62	5.39%
7	930	41	4.41%
8	893	37	4.14%
9	798	19	2.38%
10	444	14	3.15%
11	876	15	1.71%
TOTAL (6+)	**5,092**	**188**	**3.69%**

Source: OSA analysis of restriction reviews and SURS reports.

SECTION 2 RECOMMENDATION SUMMARY
We recommend that the CRP review its process, procedures, and systems to ensure that client restriction reviews are reflective of CRP restriction criteria and policy. More specifically, we recommend that

- CRP reviewers adhere to established DHCF restriction criteria, especially in cases where drug-seeking behavior or other abusive behavior is evident
- CRP reviewers improve documentation for reviews and restriction decisions
- DHCF strengthen the CRP reviewers' quality control process to ensure that appropriate and necessary restriction decisions are made consistently to protect Medicaid funds
- DHCF improve its process for identifying recipients who overutilize Medicaid services to better identify and prioritize review recipients at the highest risk for overutilization
- DHCF improve and update SURS report programming in order to accurately and completely identify high-risk, high-utilizing Medicaid recipients
- CRP reviewers prioritize their efforts on more FFS reviews to curb high utilization among FFS recipients.

We believe that implementing the 32 audit 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.