HHS Office of Inspector General

REPORT HIGHLIGHTS

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Medicare Part D Paid Millions for Drugs for Which Payment Was Available Under the Medicare Part A Skilled Nursing Facility Benefit

Why OIG Did This Audit

- An OIG evaluation in 2009 found that Part D paid for drugs for enrollees during Part A skilled nursing facility (SNF) stays, and OIG audits in 2012 and 2019 found that Part D paid for drugs for enrollees receiving Part A hospice care. Part D does not cover drugs for which payment is available under Part A.
- Because the SNF evaluation report was issued almost 15 years ago and the hospice audits showed there was a continuing problem with improper Part D payments, we reviewed Part D plan sponsors' prescription drug event (PDE) data to determine whether Part D paid for drugs for which payment was available under the Part A SNF benefit.

What OIG Found

For all 215 sample items, Part D improperly allowed PDEs for drugs that were dispensed to or on behalf of Part D enrollees during their Part A SNF stays.

- For 89 of the 215 sample items, SNFs' medical records confirmed that the drugs were administered to the Part D enrollees during their Part A SNF stays.
- For 136 of the 215 sample items, there was no documentation to determine whether drugs from the pharmacies listed on the PDEs were administered during Part D enrollees' Part A SNF stays.

On the basis of our sample results, for 2018 through 2020, we estimated that up to the entire Part D total cost of $465.1 million was improperly paid for drugs for which payment was available under the Part A SNF benefit. Of that amount, we estimated that approximately $245.4 million was for drugs that the medical records showed were administered to Part D enrollees during their Part A SNF stays.

What OIG Recommends

We made five recommendations, including that CMS work with its plan sponsors to adjust or delete PDEs, as necessary, and determine the impact to the Federal Government related to the Part D total costs of $953,370 for drugs associated with our sample items for which payment was available under the Part A SNF benefit; work with its plan sponsors to identify similar instances of noncompliance that occurred during our audit period and determine the impact to the Federal Government, which could have amounted up to an estimated $465.1 million in Part D total cost; and provide plan sponsors with timely and accurate information, such as dates of covered Part A SNF stays, to reduce instances of inappropriate Part D payment for drugs for which payment is available under the Part A SNF benefit. The full recommendations are in the report.

CMS concurred with all five recommendations.