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West Virginia Did Not Always Invoice Rebates to Manufacturers for Physician-Administered Drugs

Why OIG Did This Audit

- For a covered outpatient drug to be eligible for Federal reimbursement under the Medicaid program's drug rebate requirements, manufacturers must pay rebates to the States for the drugs.
- Prior OIG audits found that States did not always invoice and collect all rebates due for drugs administered by physicians.
- This audit is one of a series of audits in which we are reviewing compliance with Federal Medicaid requirements for invoicing manufacturers for rebates for physician-administered drugs.

What OIG Found

West Virginia did not always comply with Federal Medicaid requirements for invoicing manufacturers for rebates for physician-administered drugs.

- West Virginia did not invoice for, and collect from manufacturers, rebates totaling $2.2 million (Federal share). Of this amount, $2.2 million (Federal share) was for single-source drugs and $14,514 (Federal share) was for top-20 multiple-source drugs.
- We also identified rebates totaling $488,185 (Federal share) for other multiple-source drugs for which we were unable to determine whether, in some cases, West Virginia was required to invoice for rebates.
- In addition, West Virginia did not invoice for, and collect from manufacturers, $65 million (Federal share) in rebates for physician-administered drugs invoiced on crossover claims, for which enrollees are eligible for both Medicare and Medicaid services.

What OIG Recommends

We make five recommendations to West Virginia, including that West Virginia:

1. refund to the Federal Government the $2.2 million (Federal share) for single-source drugs;
2. refund to the Federal Government the $14,514 (Federal share) for top-20 multiple-source drugs;
3. work with CMS to determine and refund the unallowable portion of the $488,185 (Federal share) for other multiple-source physician-administered drugs that may have been ineligible for Federal reimbursement and consider invoicing drug manufacturers for rebates for those drugs;
4. strengthen internal controls for non-crossover claims going forward, to better use collected data to invoice manufacturers and collect rebates; and
5. consider revising West Virginia's payment methodology going forward for crossover claims.

The full recommendations are in the report.

West Virginia concurred with our first three (monetary) recommendations and described corrective actions that it planned to take. West Virginia did not concur with our fourth and fifth (procedural) recommendations.