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West Virginia Did Not Obtain Rebates Associated With Millions of Dollars in Medicaid Physician-Administered Drugs Dispensed to Enrollees of Medicaid Managed-Care Organizations

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.
- States invoice the manufacturers for rebates to reduce the cost of drugs to the program.
- This audit, one of a series of OIG audits of the Medicaid drug rebate program, sought to determine whether West Virginia complied with Federal Medicaid requirements for invoicing manufacturers for rebates for physician-administered drugs dispensed to Medicaid managed-care organization (MCO) enrollees.

What OIG Found

- West Virginia did not invoice for, and collect from manufacturers, estimated rebates totaling $6.1 million (Federal share) for physician-administered drugs dispensed to MCO enrollees.
- Although West Virginia's policies required the collection of drug utilization data necessary to invoice for rebates on all physician-administered drug claims, West Virginia's internal controls did not always ensure that the collected data were used to invoice manufacturers and collect rebates for physician-administered drugs dispensed to MCO enrollees.

What OIG Recommends

We recommend that West Virginia refund to the Federal Government the $6.1 million (Federal share) (broken out into two recommendations) for physician-administered drugs. The full recommendations are in the report.

West Virginia did not concur with our recommendations but described corrective actions that it had taken and planned to take.