

## Report in Brief

Date: March 2023

Report No. A-04-21-08089

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES  
**OFFICE OF INSPECTOR GENERAL**



### 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. However, prior OIG audits found that States did not always invoice and collect all rebates due for drugs administered by pharmacies and physicians.

Our objective was to determine whether Georgia complied with Federal Medicaid requirements for invoicing manufacturers for rebates for pharmacy and physician-administered drugs.

### How OIG Did This Audit

Our audit covered pharmacy and physician-administered drug claims that Georgia paid between April 1, 2018, and December 31, 2019.

We used the Centers for Medicare & Medicaid Services's (CMS's) Medicare Part B crosswalk and the CMS Medicaid Drug File to identify single-source and multiple-source drugs. Additionally, we determined whether the Healthcare Common Procedure Coding System codes were published in CMS's top-20 multiple-source drug listing.

## Georgia Did Not Always Invoice Rebates to Manufacturers for Pharmacy and Physician-Administered Drugs

### What OIG Found

Georgia did not always comply with Federal Medicaid requirements for invoicing manufacturers for rebates for pharmacy and physician-administered drugs. Georgia did not invoice for, and collect from manufacturers, rebates associated with \$953,067 (\$644,802 Federal share) in single-source and \$13,785 (\$9,325 Federal share) in top-20 multiple-source physician-administered drug claims. Further, we were unable to determine whether, in some cases, Georgia was required to invoice for rebates for other multiple-source physician-administered drug claims. Georgia did not invoice the manufacturers for rebates associated with the claims totaling \$78,013 (\$52,837 Federal share) for these multiple-source drugs. Additionally, the OIG identified \$1.8 million (\$1.2 million Federal share) in single-source and \$526,240 (\$360,454 Federal share) in multiple-source pharmacy drug claims that were not rebated for prior to our audit.

### What OIG Recommends and Georgia Comments

We recommend that Georgia refund to the Federal Government \$644,802 (Federal share) for claims for single-source physician-administered drugs and \$9,325 (Federal share) for claims for top-20 multiple-source physician-administered drugs. We also recommend that Georgia work with CMS to determine and refund the unallowable portion of \$52,837 (Federal share) for other claims for multiple-source physician-administered drugs that may have been ineligible for Federal reimbursement, and consider invoicing drug manufacturers for rebates for those drug claims that CMS determines are allowable. We also made three additional recommendations. Georgia concurred with four of our recommendations. In addition, it acknowledged the two remaining findings but did not agree with the total amount of Federal reimbursement. For our first recommendation, Georgia requested that the OIG lower the amount of the recommendation by \$44,938 (Federal share) to reflect claims identified by Georgia as not eligible for a rebate. We agreed to reduce this recommendation by the amount requested. For recommendation four, Georgia requested to reduce this recommendation due to the rebate process being completed while the audit was ongoing. Because we identified this issue during our audit but it was completed before issuance of the report, we maintain our finding until the processing of these claims can be validated by CMS. We maintain that our other findings and recommendations remain valid.