Report in Brief
Date: September 2020
Report No. A-07-18-06079

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

Maine 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. However, a prior OIG review found that States did not always invoice and collect all rebates due for drugs administered by physicians.

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

How OIG Did This Audit

We reviewed claims for physician-administered drugs paid between January 2012 and December 2016.

We used the Centers for Medicare & Medicaid Services' (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.

What OIG Found

Maine did not always comply with Federal Medicaid requirements for invoicing manufacturers for rebates for physician-administered drugs. Maine did not invoice for, and collect from manufacturers, rebates associated with $4.3 million (Federal share) in physician-administered drugs as required. Of this amount, $4.0 million was for single-source drugs and $276,000 was for top-20 multiple-source drugs. Further, Maine did not submit the utilization data necessary to secure rebates for all other physician-administered drug claims totaling $606,000 (Federal share). Finally, Maine could have invoiced manufacturers for rebates totaling $10.8 million (Federal share) that were associated with physician-administered drugs dispensed at non-Critical Access Hospitals.

What OIG Recommends and Maine's Comments

We recommend that Maine refund to the Federal Government $4.0 million (Federal share) for claims for single-source physician-administered drugs and $276,000 for claims for top-20 multiple-source physician-administered drugs. We also recommend that Maine work with CMS to determine the unallowable portion of $606,000 (Federal share) for other claims for multiple-source physician-administered drugs that may have been ineligible for Federal reimbursement, refund that amount, and consider invoicing drug manufacturers for rebates for these drugs if CMS determined that the drug claims are allowable. In addition, we recommend that Maine consider invoicing drug manufacturers for rebates totaling $10.8 million (Federal share) for claims for physician-administered drugs dispensed at non-Critical Access Hospitals, and that Maine strengthen its internal controls.

Maine did not directly agree or disagree with our recommendations but described corrective actions it had taken or planned to take for all but one of them. Maine's comments suggested that it disagreed with our recommendation involving determination of the unallowable portion of $606,000 (Federal share) for other claims for multiple-source physician-administered drugs. For that recommendation, Maine referred to non-Critical Access Hospitals and said that it was not able to determine the rebates for these drugs. With respect to our recommendation for the $606,000 (Federal share) for other claims for multiple-source physician-administered drugs, those drugs were not administered at non-Critical Access Hospitals. Therefore, we maintain that our findings and recommendations are valid. We acknowledge the implemented or planned corrective actions that Maine described.