

Report in Brief

Date: October 2023

Report No. A-07-21-06103

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 Medicaid reimbursement under the Medicaid Drug Rebate Program, drug manufacturers must pay rebates to the States for covered drugs. Previous OIG audits found that States did not always invoice and collect all rebates due for drugs administered to Medicaid managed-care organizations' (MCOs') enrollees.

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

How OIG Did This Audit

We reviewed physician-administered drug claims totaling \$192.2 million paid between January 1, 2016, and December 31, 2019 (audit period).

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

Mississippi Did Not Always Invoice Rebates to Manufacturers for Physician-Administered Drugs Dispensed to Enrollees of Medicaid Managed-Care Organizations

What OIG Found

Mississippi did not always comply with Federal Medicaid requirements for invoicing manufacturers for rebates for physician-administered drugs dispensed to MCO enrollees. Mississippi did not invoice for, and collect from manufacturers, estimated rebates totaling \$13.7 million (\$10.4 million Federal share) for physician-administered drugs during our audit period. Of this amount, \$12.5 million (\$9.5 million Federal share) was for single-source and top-20 multiple-source drugs, which were required to be rebated, and \$1.2 million (\$887,816 Federal share) represented other multiple-source physician-administered drugs that could have been eligible for rebates.

Although its policies required the collection of drug utilization data necessary to invoice for rebates on all physician-administered drug claims, Mississippi'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 enrollees of MCOs.

What OIG Recommends and Mississippi Comments

We recommend that Mississippi: (1) work with CMS to calculate the rebate amount for claims identified in our findings, invoice drug manufacturers for the calculated rebates, and refund the Federal share of rebates collected for the years covered by our audit period and for years after our audit period; and (2) strengthen internal controls to facilitate the invoicing of all physician-administered drugs for rebate.

Mississippi concurred with both of our recommendations and described actions it had taken or planned to take to address them. Mississippi said that it was working with a new fiscal agent to establish a process to identify claims that are eligible for rebate, and added that it anticipated that it would begin invoicing for these rebates in December 2023. Mississippi also said that it was working with the new fiscal agent to ensure that drug rebate policies and procedures are being followed, and that it was working to strengthen internal controls to ensure that all eligible physician-administered drugs are invoiced, including retrospectively invoicing as needed.