

REPORT HIGHLIGHTS



August 2024 | A-07-22-07010

South Carolina Did Not Always Invoice Rebates to Manufacturers for 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.
- Prior OIG audits found that States did not always invoice and collect all rebates due for drugs administered to Medicaid managed-care organizations' (MCOs') enrollees.
- This audit, one of a series of audits, determined whether South Carolina complied with Federal Medicaid requirements for invoicing manufacturers for physician-administered drugs dispensed to MCO enrollees.

What OIG Found

South Carolina did not always comply with Federal Medicaid requirements for invoicing manufacturers for rebates for physician-administered drugs dispensed to MCO enrollees. South Carolina did not invoice for, and collect from manufacturers, rebates totaling \$14.2 million (Federal share).

- Of this amount, \$12.1 million (Federal share) was for single-source drugs and \$65,691 (Federal share) was for top-20 multiple-source drugs.
- We also identified rebates totaling \$1.9 million (Federal share) for other multiple-source drugs for which we were unable to determine whether, in some cases, the State was required to invoice for rebates.

What OIG Recommends

We recommend that South Carolina:

1. invoice for and collect manufacturers' rebates totaling \$12.2 million (Federal share) for single-source and top-20 multiple-source physician-administered drugs and refund the Federal share;
2. work with CMS to determine whether the claims for other multiple-source physician-administered drugs, totaling \$1.9 million (Federal share), were eligible for rebates and, if so, determine the rebates due for these drugs and, upon receipt of the rebates, refund the Federal share of the rebates collected;
3. ensure that all physician-administered drugs eligible for rebates after our audit period are processed for rebates; and
4. continue to review and strengthen its internal controls to ensure that, in line with South Carolina's existing policies, all physician-administered drugs eligible for rebates are invoiced.

South Carolina generally concurred with all of our recommendations and described corrective actions it had taken or planned to take.