

Report in Brief

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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 physicians.

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

How OIG Did This Audit

We reviewed physician-administered drug claims totaling \$88.5 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 listing.

Mississippi Did Not Always Invoice Rebates to Manufacturers for Physician-Administered Drugs

What OIG Found

Mississippi did not always comply with Federal Medicaid requirements for invoicing manufacturers for rebates for physician-administered drugs. Mississippi did not invoice for, and collect from manufacturers, rebates associated with \$2.2 million (Federal share) in physician-administered drugs. Of this amount, \$820,732 (Federal share) was for single-source drugs and \$395,621 (Federal share) was for top-20 multiple-source drugs.

Further, we were unable to determine whether Mississippi was required to invoice for rebates associated with claims totaling \$1.0 million (Federal share) for other multiple-source physician-administered drug claims. In addition, Mississippi did not invoice for, and collect from manufacturers, \$35.6 million (Federal share) in rebates for physician-administered drugs invoiced on crossover claims, for which beneficiaries are eligible for both Medicare and Medicaid services. Although its policies required the collection of drug utilization data necessary to invoice for rebates, Mississippi's internal controls did not always ensure that the collected data were used to invoice manufacturers and collect rebates for physician-administered drugs for these claims.

What OIG Recommends and Mississippi Comments

We recommend that Mississippi: (1) refund to the Federal Government \$820,732 (Federal share) for single-source physician-administered drugs and (2) \$395,621 (Federal share) for top-20 multiple-source physician-administered drugs; (3) work with CMS to determine the unallowable portion of \$1.0 million (Federal share) for other multiple-source physician-administered drugs that may have been ineligible for reimbursement, refund that amount, and consider invoicing drug manufacturers for rebates for these drugs if CMS determines that the drug claims are allowable; (4) strengthen internal controls for non-crossover claims to ensure that all eligible physician-administered drugs are invoiced; and (5) consider revising its payment methodology going forward regarding payments for crossover claims.

Mississippi concurred with our fourth recommendation but did not concur with our other recommendations. Mississippi said that it disputed our findings for single-source and top-20 multiple-source drugs in their entirety. Mississippi added that it was transitioning to a new fiscal agent and a new methodology for paying crossover claims in the future. We removed claims totaling \$12,767 (Federal share) for this final report and adjusted our recommendations; we otherwise maintain that our findings and recommendations remain valid.