

Audit Report

# Managed Care Pharmacy Encounters Paid to Meadowbrook Pharmacy

---

A Managed Care Network Provider  
Contracted Under Cook Children's  
Health Plan, Wellpoint Texas, Inc., and  
Wellpoint Insurance Company

August 23, 2024

OIG Report No. AUD-24-027



**Inspector  
General**

Texas Health  
and Human Services



# Managed Care Pharmacy Encounters Paid to Meadowbrook Pharmacy

A Managed Care Network Provider Contracted Under Cook Children's Health Plan and Wellpoint Texas, Inc.

## Results in Brief

### Why OIG Conducted This Audit

The Texas Health and Human Services (HHS) Office of Inspector General (OIG) Audit and Inspections Division (OIG Audit) conducted an audit of Meadowbrook Pharmacy (Meadowbrook) for prescriptions dispensed to Cook Children's Health Plan, Wellpoint Texas, Inc., and Wellpoint Insurance Company (Wellpoint) members. Pharmacy audits are conducted to verify that Texas Medicaid and CHIP members have access to vital medications in accordance with contractual, state, and federal requirements.

During the period from October 1, 2019, through August 31, 2022, Meadowbrook was paid (a) \$549,424.52 for 4,778 Texas Medicaid and CHIP managed care encounters for prescriptions dispensed to Cook Children's Health Plan members and (b) \$4,433,131.11 for 42,069 Texas Medicaid managed care encounters for prescriptions dispensed to Wellpoint members.

### Summary of Review

The audit objective was to determine whether Meadowbrook (a) properly dispensed prescriptions associated with selected encounters for Texas Medicaid and CHIP members enrolled with Cook Children's Health Plan and Wellpoint and (b) complied with applicable contractual, state, and federal requirements.

The audit scope covered the period from October 1, 2019, through August 31, 2022.

### Conclusion

Meadowbrook Pharmacy (Meadowbrook) filled and dispensed prescriptions for Texas Medicaid and CHIP members; however, Meadowbrook did not consistently comply with certain requirements for dispensing refills, accurately submitting claims, providing instructions for use, and maintaining supporting documentation. As a result, Meadowbrook was overpaid and should repay \$958.08 to the state of Texas.

### Key Results

Meadowbrook correctly dispensed prescriptions for 422 of 437 pharmacy encounters tested. However, Meadowbrook did not consistently comply with certain requirements. Specifically, Meadowbrook submitted:

- One claim for an unauthorized refill, resulting in an overpayment totaling \$552.74.
- Four claims with unauthorized medication substitutions, resulting in an overpayment totaling \$6.52.
- One claim that was missing confirmation of medication delivery, resulting in an overpayment of \$323.69.
- Two claims with an inaccurate days' supply to circumvent managed care organization (MCO) limits, resulting in overpayments totaling \$75.13.
- One claim with a dispensing label with incomplete instructions for use.
- Six claims for compounded medications without documentation of the methodology, equipment, or container used.

## Background

Meadowbrook is a community-based pharmacy located in Fort Worth, Texas, that provides pharmacy services for Cook Children's Health Plan and Wellpoint, which are managed care organizations (MCOs). For pharmacy benefit manager (PBM) services to process outpatient pharmacy claims, Cook Children's Health Plan works with Navitus Health Solutions, LLC, and Wellpoint works with CarelonRx, Inc., and Caremark PCS Health, L.L.C. Meadowbrook also uses Elevate Provider Network, a pharmacy services administrative organization.

To participate in Texas Medicaid, pharmacy providers must enroll with the Texas Health and Human Services Commission (HHSC) before providing outpatient prescription services and participating in any managed care network. MCOs must allow any Medicaid-enrolled pharmacy provider willing to accept the terms and conditions of the MCO or PBM contract to enroll in the network.

## Management Response

Meadowbrook agreed with the audit recommendations and indicated corrective actions would be implemented by August 2024.

## Recommendations

Meadowbrook should:

- Improve its dispensing processes to (a) fill prescriptions as authorized by the prescriber, including dispensing only authorized refills and medications, and (b) document medication delivery.
- Update its prescription verification process to include procedures for verifying the accuracy of the information it enters in its pharmacy system and submits as claims.
- Update its claims submission process to validate the days' supply—based on the quantity dispensed and prescribed instructions for use—prior to submitting each claim.
- Implement a process to print dispensing labels with the complete instructions for use.

Additionally, Meadowbrook was overpaid and should repay \$958.08 to the state of Texas.

# Table of Contents

<b>Audit Overview .....</b>	<b>1</b>
Overall Conclusion	1
Objective and Scope	1
<b>Detailed Audit Results.....</b>	<b>5</b>
Chapter 1: Meadowbrook Met Dispensing Requirements with Six Exceptions	6
Chapter 2: Meadowbrook Followed Pharmacy Claims Submission Requirements with Two Exceptions	9
Chapter 3: Meadowbrook Complied with Labeling Requirements with One Exception	10
Chapter 4: Meadowbrook Did Not Retain Support for Six Submitted Claims	11
<b>Appendices .....</b>	<b>12</b>
A: Objective, Scope, and Criteria	12
B: Detailed Methodology	13
C: Pharmacy Benefit Delivery Process	17
D: Audit Issues Index	18
E: Summary of Recommendations	20
F: Related Reports	21
G: Resources for Additional Information	22
H: Report Team and Distribution	23
I: OIG Mission, Leadership, and Contact Information	25

# Audit Overview

## Overall Conclusion

Meadowbrook Pharmacy (Meadowbrook) filled and dispensed prescriptions for Texas Medicaid and Children’s Health Insurance Program (CHIP) members; however, Meadowbrook did not consistently comply with certain requirements for dispensing refills, accurately submitting claims,<sup>1</sup> providing instructions for use, and maintaining supporting documentation. As a result, Meadowbrook was overpaid and should repay \$958.08 to the state of Texas.

## Key Audit Results

Meadowbrook correctly dispensed prescriptions for 422 of 437 pharmacy encounters<sup>2</sup> tested. However, Meadowbrook did not consistently comply with certain requirements. Specifically, Meadowbrook submitted:

- One claim for an unauthorized refill, resulting in an overpayment totaling \$552.74.
- Four claims with unauthorized medication substitutions, resulting in an overpayment totaling \$6.52.
- One claim that was missing confirmation of medication delivery, resulting in an overpayment of \$323.69.

### Objective

The audit objective was to determine whether Meadowbrook (a) properly dispensed prescriptions associated with selected encounters for Texas Medicaid and CHIP members enrolled with Cook Children’s Health Plan, Wellpoint Texas, Inc., and Wellpoint Insurance Company (Wellpoint) and (b) complied with applicable contractual, state, and federal requirements.

### Scope

The audit scope covered the period from October 1, 2019, through August 31, 2022.

---

<sup>1</sup> In the context of this report, Meadowbrook submits claims, which are the basis of encounters submitted to the Texas Health and Human Services Commission (HHSC) by Cook Children’s Health Plan, Wellpoint Texas, Inc., and Wellpoint Insurance Company (Wellpoint), all of which are managed care organizations (MCOs).

<sup>2</sup> Pharmacy encounters are detailed records about individual services delivered by a pharmacy for any capitated services provided to an eligible member. The data is submitted to HHSC by the MCO.

- Two claims with an inaccurate days' supply to circumvent managed care organization (MCO) limits, resulting in overpayments totaling \$75.13.
- One claim with a dispensing label with incomplete instructions for use.
- Six claims for compounded medications without documentation of the methodology, equipment, or container used.

The Texas Health and Human Services (HHS) Office of Inspector General (OIG) Audit and Inspections Division (OIG Audit) offered recommendations to Meadowbrook, which, if implemented, will improve dispensing accuracy and compliance with contractual, Texas Administrative Code, and federal requirements.

The "Detailed Audit Results" section of this report presents additional information about the audit results and is considered written education in accordance with Texas Administrative Code.<sup>3</sup> In addition, other audit issues identified in this report may be subject to liquidated damages or OIG administrative enforcement measures,<sup>4</sup> including administrative penalties.<sup>5</sup>

OIG Audit communicated other, less significant issues to Meadowbrook in a separate written communication.

OIG Audit presented preliminary audit results, issues, and recommendations to Meadowbrook in a draft report dated August 8, 2024. Meadowbrook agreed with the audit recommendations and indicated corrective actions would be implemented by August 2024. Meadowbrook's management responses are included in the report following each recommendation.

OIG Audit recognizes the unique challenges that Meadowbrook faced as a result of the COVID-19 public health emergency, which occurred during the audit scope period. OIG Audit thanks management and staff at Meadowbrook for their cooperation and assistance during this audit.

---

<sup>3</sup> 1 Tex. Admin. Code § 371.1701 (May 1, 2016).

<sup>4</sup> 1 Tex. Admin. Code § 371.1603 (May 20, 2020).

<sup>5</sup> Tex. Hum. Res. Code § 32.039 (Apr. 2, 2015).

## Key Program Data

Meadowbrook is a community-based pharmacy located in Fort Worth, Texas, that provides pharmacy services for Cook Children’s Health Plan, Wellpoint Texas, Inc., and Wellpoint Insurance Company (Wellpoint),<sup>6</sup> all of which are MCOs.<sup>7</sup> For pharmacy benefit manager (PBM) services to process outpatient pharmacy claims, Cook Children’s Health Plan works with Navitus Health Solutions, LLC (Navitus) and Wellpoint works with CarelonRx, Inc. (CarelonRx) and CaremarkPCS Health, L.L.C. (CVS Caremark).<sup>8</sup> Meadowbrook also uses Elevate Provider Network (Elevate), a pharmacy services administrative organization (PSAO).<sup>9,10</sup>

### What Prompted This Audit

Pharmacy audits are conducted to verify that Texas Medicaid and CHIP members have access to vital medications in accordance with contractual, state, and federal requirements.

To participate in Texas Medicaid, pharmacy providers must enroll with the Texas Health and Human Services Commission (HHSC) before providing outpatient prescription services and participating in any managed care network. MCOs must allow any Medicaid-enrolled pharmacy provider willing to accept the terms and conditions of the MCO or PBM contract to enroll in the network.<sup>11,12</sup>

---

<sup>6</sup> During the audit scope, Wellpoint Texas, Inc., and Wellpoint Insurance Company were known as Amerigroup Texas, Inc., and Amerigroup Insurance Company, respectively. The entities changed their legal names in January 2024 and are collectively referred to as “Wellpoint” in this report.

<sup>7</sup> An MCO is an organization that delivers and manages health care services under a risk-based arrangement. The MCO receives a monthly premium or capitation payment for each managed care member enrolled, based on a projection of what health care for the typical individual would cost.

<sup>8</sup> During the scope of the audit, CarelonRx was known as IngenioRx. The entity changed its legal name in January 2023 and is referred to as CarelonRx in this report.

<sup>9</sup> PSAOs provide contract management and pharmacy services.

<sup>10</sup> Appendix C provides additional details about the business relationships involved in delivering managed care pharmacy benefits to Texas Medicaid and CHIP members whose prescriptions were dispensed by Meadowbrook.

<sup>11</sup> 1 Tex. Admin. Code §§ 353.905(d) (Sept. 1, 2013) and 353.909(a) (Sept. 1, 2014).

<sup>12</sup> Texas Vendor Drug Program Pharmacy Provider Procedure Manual, § P-3, <https://www.txvendordrug.com/about/manuals/pharmacy-provider-procedure-manual/p-3-enrollment> (accessed July 8, 2024).

During the audit scope, which covered the period from October 1, 2019, through August 31, 2022, Meadowbrook was paid (a) \$549,424.52 for 4,778 Texas Medicaid and CHIP managed care encounters for prescriptions dispensed to Cook Children’s Health Plan members and (b) \$4,433,131.11 for 42,069 Texas Medicaid managed care encounters for prescriptions dispensed to Wellpoint members.

## **Auditing Standards**

### **Generally Accepted Government Auditing Standards**

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



# Detailed Audit Results

OIG Audit reviewed a total of 437 pharmacy encounters, which consisted of 172 opioid encounters and 265 non-opioid encounters. OIG Audit (a) compared the prescriber’s original prescriptions with the medication dispensing labels to determine whether Meadowbrook submitted accurate pharmacy claim data and (b) compared the medication dispensing label to the encounter data to determine whether billing was accurate.

Overall, Meadowbrook dispensed and billed 422 of the 437 pharmacy encounters tested accurately and complied with requirements for providing the correct member name, medication strength, and prescribing physician on the claims data and dispensing labels.

Meadowbrook met timing requirements for filling the prescriptions associated with all 437 pharmacy encounters. Additionally, all 437 pharmacy encounters tested had matching National Drug Code (NDC), fill date, and prescription numbers in the encounter data and on the dispensing label.

However, Meadowbrook did not consistently comply with certain requirements for dispensing refills, providing instructions for use, accurately submitting claims, and maintaining supporting documentation. Table 1 summarizes the number of errors identified and the associated recovery amounts by finding type. The recovery claims column includes the number of claims in exception for each issue.

**Table 1: Summary of Errors and Recoveries by Finding Type**

Finding Type	Recovery Claims	Recovery Amount
Authorization errors	5	\$559.26
Dispensing error	1	323.69
Data submission errors	2	75.13
Labeling error	1	—
Missing documentation errors	6	—
<b>Total</b>	<b>15</b>	<b>\$958.08</b>

Source: OIG Audit

The following sections of this report provide additional detail about the findings of noncompliance identified by OIG Audit.

## **Chapter 1: Meadowbrook Met Dispensing Requirements with Six Exceptions**

Meadowbrook consistently dispensed prescriptions as required; however, Meadowbrook submitted (a) one unauthorized claim related to refills, (b) four unauthorized claims related to medication substitutions, and (c) one claim with a dispensing error related to medication delivery confirmation. As a result, Meadowbrook received overpayments totaling \$882.95.

### **Authorization**

#### **Refills**

For one claim, Meadowbrook dispensed a refill for a box of non-opioid medication that was not authorized by the original prescription and for which it did not obtain authorization from the prescriber. As a result of this error, Meadowbrook received an overpayment totaling \$552.74 for an unauthorized refill during the audit scope. Pharmacies must dispense refills as authorized on the original prescription and obtain authorization from the prescriber prior to dispensing any additional refills.<sup>13</sup>

Meadowbrook incorrectly entered a refill into its pharmacy system. Unauthorized refills could lead to adverse health effects for a member because the member received more medication than the prescriber authorized.

#### **Medication Substitution**

For four opioid claims associated with one member, Meadowbrook dispensed an equivalent generic medication instead of the prescribed brand medication without obtaining authorization from the prescriber. The prescription stated a substitution was not allowed. As a result of this substitution, (a) the member could have experienced adverse health effects and (b) Meadowbrook received an overpayment of \$6.52. When the prescriber specifies brand medication is required, pharmacists must obtain authorization from the prescriber to dispense a substitute generic medication.<sup>14</sup>

---

<sup>13</sup> 22 Tex. Admin. Code § 291.34(b)(8)(A)(i–ii) (June 20, 2019, as amended).

<sup>14</sup> 22 Tex. Admin. Code § 309.3(c) (Dec. 6, 2015, as amended).

Additionally, Meadowbrook submitted these four opioid claims with the incorrect dispensed as written (DAW) code 0,<sup>15</sup> which specifies the prescriber did not indicate a medication selection. Meadowbrook should have submitted these claims with DAW code 1, which specifies the prescriber requested the medication be dispensed as written.

Meadowbrook asserted these errors occurred because the pharmacist used their professional judgement to substitute the medication.

## Dispensing

### Medication Delivery Confirmation

Meadowbrook submitted one non-opioid claim that was missing confirmation of medication delivery. When a pharmacy submits a claim without retaining all necessary documentation to support the claim, the pharmacy cannot demonstrate the member received the medication. As a result of this error, Meadowbrook received an overpayment of \$323.69.

At the time of prescription pickup, Meadowbrook asks members to provide a signature indicating they have received their medication; however, Meadowbrook asserted it did not capture the signature of the individual who received this medication due to a pharmacy system error.

Pharmacies dispensing prescriptions to Texas Medicaid members must maintain all necessary supporting documentation, including confirmation of medication delivery.<sup>16</sup>

### Recommendation 1a

Meadowbrook should improve its dispensing processes to (a) fill prescriptions as authorized by the prescriber, including dispensing only authorized refills and medications, and (b) document medication delivery.

---

<sup>15</sup> DAW codes are numerical values from 0 to 9 that are submitted with each pharmacy encounter to indicate whether the prescriber required a brand name drug or a generic drug. If a pharmacist dispenses a prescription differently than prescribed, the DAW code indicates the reason.

<sup>16</sup> Texas Medicaid Provider Procedures Manual, Vol. 1, §§ 1.6.3 (Oct. 2019 through Feb. 2020) and 1.7.3 (Mar. 2020, as amended).

## Management Response

### Action Plan

Meadowbrook Pharmacy will dispense prescriptions only as authorized by prescriber by printing accurate labels, indicating correct medication, directions, dose, and refills. Will obtain permission from prescriber for any changes and will document these changes on prescription notes or hard copy. All medications picked up or delivered will require signature confirmation of receipt and will maintain records as required.

### Responsible Manager

Pharmacist in Charge

### Target Implementation Date

August 21, 2024

## Recommendation 1b

Meadowbrook should update its prescription verification process to include procedures for verifying the accuracy of the information it enters in its pharmacy system and submits as claims.

## Management Response

### Action Plan

All prescriptions will receive a final verification by a pharmacist to confirm accurate information was submitted according to the prescriber's directions and make sure any changes authorized are documented prior to dispensing to patient.

### Responsible Manager

Pharmacist in Charge or Staff Pharmacist

### Target Implementation Date

August 21, 2024

## Chapter 2: Meadowbrook Followed Pharmacy Claims Submission Requirements with Two Exceptions

Meadowbrook consistently submitted pharmacy claims that followed submission requirements; however, Meadowbrook submitted two non-opioid pharmacy claims with an incorrect days' supply. As a result of these errors, Meadowbrook received an overpayment totaling \$75.13.

Meadowbrook stated it submitted the claims for a longer days' supply than ordered by the prescriber to circumvent MCO limits. Instead, Meadowbrook should have requested an excessive dosage authorization from the applicable MCO to allow the member to receive needed medication as prescribed.

Pharmacies are subject to administrative actions or sanctions if they submit a claim for payment for an item for which they knew the claim was false.<sup>17</sup> Inaccurate pharmacy encounter data may limit HHSC's ability to effectively monitor the pharmacy benefit program.

### Recommendation 2

Meadowbrook should update its claims submission process to validate the days' supply—based on the quantity dispensed and prescribed instructions for use—prior to submitting each claim.

#### Management Response

##### Action Plan

Meadowbrook Pharmacy agrees with recommendations and will process claims for the correct day supply based on quantity dispensed and prescriber's instructions.

##### Responsible Manager

Pharmacist in Charge or Staff Pharmacist

##### Target Implementation Date

August 21, 2024

---

<sup>17</sup> 1 Tex. Admin. Code § 371.1653(1) (May 1, 2016).

## Chapter 3: Meadowbrook Complied with Labeling Requirements with One Exception

Meadowbrook consistently complied with labeling requirements; however, for one non-opioid claim, Meadowbrook printed a dispensing label with incomplete instructions for use.

Pharmacies issuing prescriptions in the state of Texas must ensure each medication is dispensed and delivered safely and accurately as prescribed, including verifying the accuracy of the dispensing label.<sup>18</sup> At the time of medication delivery, each dispensing container must have a label with instructions for use stated in plain language and printed in an easily readable font size.<sup>19</sup>

Meadowbrook asserted it left out portions of the instructions for use when entering the prescription into its pharmacy system. When a prescription is dispensed to a member with incomplete instructions for use, the member may experience adverse health effects.

### Recommendation 3

Meadowbrook should implement a process to print dispensing labels with the complete instructions for use.

#### Management Response

##### Action Plan

Meadowbrook Pharmacy will print accurate labels that include correct medication, dose, and directions for use as prescribed by provider.

##### Responsible Manager

Pharmacist in Charge or Staff Pharmacist

##### Target Implementation Date

August 21, 2024

---

<sup>18</sup> 22 Tex. Admin. Code § 291.32(c)(1)(F) (June 20, 2019, as amended).

<sup>19</sup> 22 Tex. Admin. Code § 291.33(c)(7)(A)(viii) (Mar. 12, 2019, as amended).

## **Chapter 4: Meadowbrook Did Not Retain Support for Six Submitted Claims**

Meadowbrook submitted six claims for compounded medications with associated compounding logs that did not include the methodology, equipment, or container used. Meadowbrook confirmed its pharmacy compounding logs did not include this information during the scope of the audit.

Pharmacies dispensing prescriptions to Texas Medicaid members must maintain all necessary supporting documentation.<sup>20</sup> When a pharmacy submits a claim without retaining all necessary documentation to support the claim, the pharmacy cannot demonstrate it compounded the medication correctly.

At this time, no further action is needed. Meadowbrook asserted it updated its process for completing pharmacy compounding logs to capture all required information after the audit scope. OIG Audit did not test the new process.

---

<sup>20</sup> Texas Medicaid Provider Procedures Manual, Vol. 1, §§ 1.6.3 (Oct. 2019 through Feb. 2020) and 1.7.3 (Mar. 2020, as amended).

## Appendix A: Objective, Scope, and Criteria

### Objective and Scope

The audit objective was to determine whether Meadowbrook (a) properly dispensed prescriptions associated with selected encounters for Texas Medicaid and CHIP members enrolled with Cook Children’s Health Plan and Wellpoint and (b) complied with applicable contractual, state, and federal requirements.

The audit scope covered the period from October 1, 2019, through August 31, 2022.

### Criteria

OIG Audit used the following criteria to evaluate the information provided:

- 1 Tex. Admin. Code § 371.1653 (2016)
- 22 Tex. Admin. Code §§ 291.32 (2019, as amended), 291.33 (2019, as amended), 291.34 (2019, as amended), 291.131 (2018, as amended), 309.3 (2015, as amended), 315.3 (2017, as amended), and 315.5 (2016, as amended)
- Tex. Health & Safety Code §§ 481.074, 481.075, and 481.0755 (2019)
- Texas Medicaid Provider Procedures Manual, Vol. 1 (2019, as amended)



## Appendix B: Detailed Methodology

OIG Audit issued an engagement letter to Meadowbrook on January 31, 2024, providing information about the upcoming audit, and conducted fieldwork from February 1, 2024, through June 19, 2024.

OIG Audit reviewed Meadowbrook's system of internal controls, including components of internal control,<sup>21</sup> within the context of the audit objectives by:

- Interviewing Meadowbrook management and staff with oversight responsibilities for the paid claims for Texas Medicaid and CHIP members.
- Performing selected tests of relevant documentation, including original prescriptions, dispensing labels, compounding logs, and medication delivery confirmations.

### Data Reliability

OIG Audit assessed the reliability of encounter data provided by the OIG Fraud Analytics and Data Operations division (FADO) and confirmed reliability during fieldwork using information from prescriptions and dispensing labels provided by Meadowbrook. OIG Audit determined that the data was sufficiently reliable for the purpose of this audit.

### Testing Methodology

OIG Audit collected information for this audit through interviews and electronic communications with Meadowbrook management and staff. OIG Audit reviewed supporting documentation for the samples of 437 total pharmacy encounters—which included 172 opioid encounters and 265 non-opioid encounters—reported by MCOs from claims submitted to Cook Children's Health Plan and Wellpoint during the audit scope period.

For this audit, OIG Audit used a population of pharmacy encounters for paid claims with service dates ranging from October 1, 2019, through August 31, 2022.

---

<sup>21</sup> For more information on the components of internal control, see the United States Government Accountability Office's *Standards for Internal Control in the Federal Government*, (Sept. 2014), <https://www.gao.gov/assets/gao-14-704g.pdf> (accessed Apr. 16, 2021).

## Sampling Methodology

OIG Audit tested 437 pharmacy encounters for Meadowbrook. Specifically, OIG Audit tested three statistically valid random samples, totaling 303 pharmacy encounters, that were selected using RAT-STATs software from the encounter population for Meadowbrook. OIG statisticians selected statistically valid random samples of Meadowbrook encounters to test for completeness and accuracy. These were made up of separate samples for each of the MCOs. Four populations did not meet the prerequisite sample size required to draw a statistically valid random sample; therefore, OIG Audit tested the entire population of the four sample subsets, totaling 134 pharmacy encounters combined.

This sample design was chosen to ensure that the samples included items with specific characteristics, such as (a) opioid drugs as identified by OIG Audit using data analysis, (b) non-opioid drugs as identified by OIG Audit using data analysis, (c) drugs with DAW 0, (d) drugs with DAW 1 through DAW 9, (e) dispensed refills less than or equal to authorized refills, and (f) dispensed refills greater than authorized refills.

The statistically valid random samples were designed to be representative of the population, and therefore, it is appropriate to project the results of these samples to the populations; however, OIG Audit did not extrapolate to the population.

OIG Audit selected these sample designs based on analysis conducted during the audit.

Table B.1 provides details about the opioid and non-opioid pharmacy encounters OIG Audit reviewed for each MCO.

**Table B.1: Encounters Reviewed by OIG Audit**

MCO	Opioid Encounters	Non-Opioid Encounters	Total Encounters Reviewed
Cook Children's Health Plan	42	145	187
Wellpoint	130	120	250
<b>Total</b>	<b>172</b>	<b>265</b>	<b>437</b>

Source: OIG Audit

### Wellpoint Opioid

From the population of Wellpoint opioid drug prescriptions submitted by Meadowbrook during the audit scope, OIG statisticians selected a statistically valid random sample of 90 pharmacy encounters with DAW 0 and dispensed refills that were less than or equal to the number of authorized refills.

Additionally, OIG statisticians provided the following complete risk-based populations:

- 20 pharmacy encounters with DAW 1 through DAW 9.
- 20 pharmacy encounters with dispensed refills that were greater than the number of authorized refills.

### Wellpoint Non-Opioid

From the population of Wellpoint non-opioid drug prescriptions submitted by Meadowbrook during the audit scope, OIG statisticians selected a statistically valid random sample of 120 pharmacy encounters.

### Cook Children's Health Plan Opioid

From the population of Cook Children's Health Plan opioid drug prescriptions submitted by Meadowbrook during the audit scope, OIG statisticians provided the complete risk-based population of 42 pharmacy encounters.

### Cook Children's Health Plan Non-Opioid

From the population of Cook Children's Health Plan non-opioid drug prescriptions submitted by Meadowbrook during the audit scope, OIG statisticians selected a statistically valid random sample of 52 pharmacy encounters with dispensed refills that were greater than the number of authorized refills. Additionally, OIG statisticians provided a complete risk-based population of 93 pharmacy encounters with dispensed refills that were less than or equal to the number of authorized refills submitted by Meadowbrook during the audit scope period.

### Sample Testing

OIG Audit verified supporting claims documentation provided by Meadowbrook and compared it with pharmacy encounter data provided by FADO. Data tested included verification of:

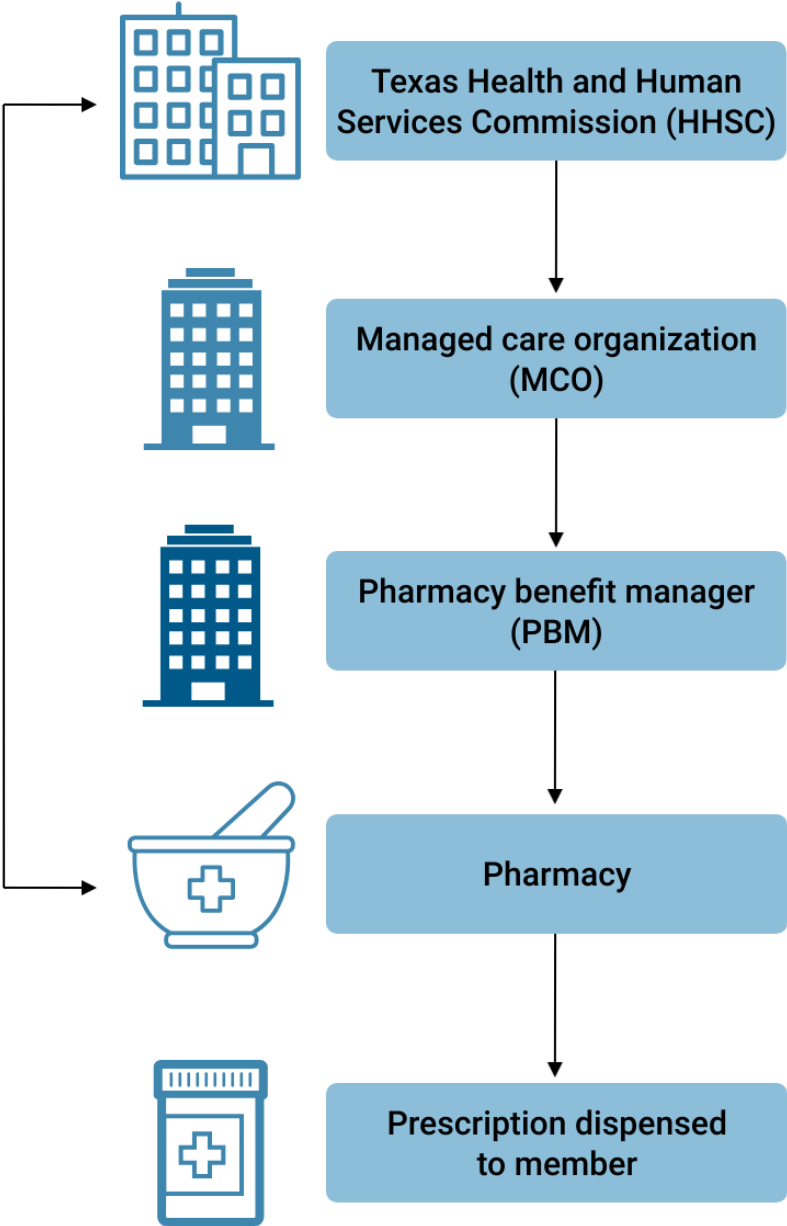
- Existence of the prescription.

- Required information included on the prescription. Specifically, member name; medication name, strength, quantity, and instructions for use; issuance date; and prescriber name.
- Medication dispensed as prescribed.
- Prescription number and filled date.
- U. S. Drug Enforcement Administration (DEA) numbers for the controlled-substance prescriptions filled.
- Recipient signature confirming delivery.
- Accuracy of paid pharmacy encounters.
- Evidence of pharmacist review.
- Compounding log supporting documentation.

# Appendix C: Pharmacy Benefit Delivery Process

Figure C.1 illustrates the business relationships involved in delivering managed care pharmacy benefits to Texas Medicaid and CHIP members.

Figure C.1: Pharmacy Benefit Delivery Process



Source: OIG Audit

## Appendix D: Audit Issues Index

Tables D.1 through D.3 provide details about the submitted encounters and overpayment amounts discussed in the report.

**Table D.1: Overpaid Non-Opioid Encounters Meadowbrook Submitted for Cook Children’s Health Plan Members**

Sample Number	Prescription Number	Fill Date	Chapter Number(s)	Overpayment Amount
307	██████	██████/2019	2	\$ 37.69
308	██████	██████/2020	2	37.44
323	██████	██████/2020	4	—
324	██████	██████/2020	4	—
325	██████	██████/2020	4	—
352	██████	██████/2019	4	—
353	██████	██████/2019	4	—
354	██████	██████/2019	4	—
396	██████	██████/2021	1	323.69
<b>Total</b>				<b>\$398.82</b>

Source: OIG Audit

**Table D.2: Overpaid Opioid Encounters Meadowbrook Submitted for Wellpoint Members**

Sample Number	Prescription Number	Fill Date	Chapter Number(s)	Overpayment Amount
115	██████	██████/2021	1	\$1.96
116	██████	██████/2021	1	1.96
117	██████	██████/2021	1	1.94
118	██████	██████/2021	1	0.66
<b>Total</b>				<b>\$6.52</b>

Source: OIG Audit

**Table D.3: Overpaid Non-Opioid Encounters Meadowbrook Submitted for Wellpoint Members**

Sample Number	Prescription Number	Fill Date	Chapter Number(s)	Overpayment Amount
144	[REDACTED]	[REDACTED]/2020	1	\$ 552.74
240	[REDACTED]	[REDACTED]/2022	3	—
<b>Total</b>				<b>\$552.74</b>

Source: OIG Audit

## Appendix E: Summary of Recommendations

**Table E.1: Summary of Recommendations to Meadowbrook**

No.	Recommendation
1a	Meadowbrook should improve its dispensing processes to (a) fill prescriptions as authorized by the prescriber, including dispensing only authorized refills and medications, and (b) document medication delivery.
1b	Meadowbrook should update its prescription verification process to include procedures for verifying the accuracy of the information it enters in its pharmacy system and submits as claims.
2	Meadowbrook should update its claims submission process to validate the days' supply—based on the quantity dispensed and prescribed instructions for use—prior to submitting each claim.
3	Meadowbrook should implement a process to print dispensing labels with the complete instructions for use.

Source: OIG Audit



## Appendix F: Related Reports

- Managed Care Pharmacy Encounters Paid to Bemaj Pharmacy, Inc.: A Managed Care Network Provider Contracted Under Amerigroup Texas, Inc., Amerigroup Insurance Company, and Superior HealthPlan, Inc., [AUD-24-001](#), September 1, 2023
- Managed Care Pharmacy Encounters Paid to Texas Children’s Hospital–Specialty Pharmacy, [AUD-23-020](#), August 8, 2023
- Managed Care Pharmacy Claims Paid to ReCept Pharmacy #1, [AUD-22-023](#), August 22, 2022
- Managed Care Pharmacy Claims Paid to Rx Plus Pharmacy of Live Oak, [AUD-21-021](#), August 13, 2021

## Appendix G: Resources for Additional Information

The following resources provide additional information about the topics covered in this report.

### For more information on the Texas HHS Vendor Drug Program:

"Vendor Drug Program," Texas HHS, <https://www.txvendordrug.com/> (accessed June 18, 2024)

### For more information on Meadowbrook Pharmacy:

Homepage, Meadowbrook Pharmacy, <http://meadowbrookpharmacytx.com/> (accessed June 18, 2024)

### For more information on Cook Children's Health Plan:

Homepage, Cook Children's Health Plan, <https://www.cookchp.org/> (accessed June 18, 2024)

### For more information on Wellpoint Texas, Inc.:

Homepage, Wellpoint, <https://www.provider.wellpoint.com/texas-provider/home> (accessed June 18, 2024)

## Appendix H: Report Team and Distribution

### Report Team

OIG staff members who contributed to this audit report include:

- Anton Dutchover, CPA, Deputy Inspector General of Audit and Inspections
- Patrick Smith, CIA, Audit Director
- Sarah Cason, MBA, CIA, CISA, Senior Managing Auditor
- Marcus Horton, CFE, CIA, CRMA, CCSA, Audit Project Manager
- Jawad Rehman, Senior Auditor
- Tamesha Ford, Staff Auditor
- Blake Wade, Staff Auditor
- Paris Pham, Quality Assurance Reviewer
- Karen Mullen, CGAP, CIGA, Quality Assurance Reviewer
- Ashley Rains, CPE, CFE, Senior Audit Operations Analyst

### Report Distribution

#### Texas Health and Human Services Commission

- Cecile Erwin Young, Executive Commissioner
- Kate Hendrix, Chief of Staff
- Maurice McCreary, Jr., Chief Operating Officer
- Jordan Dixon, Chief Policy and Regulatory Officer
- Karen Ray, Chief Counsel
- Michelle Alletto, Chief Program and Services Officer
- Nicole Guerrero, Chief Audit Executive
- Emily Zalkovsky, Chief Medicaid and CHIP Services Officer, Medicaid and CHIP Services

- Camisha D. Banks, Deputy Executive Commissioner for Managed Care, Medicaid and CHIP Services
- Dana L. Collins, Deputy Executive Commissioner for Operations, Medicaid and CHIP Services

### **Meadowbrook Pharmacy**

- Abdul Rasul, Pharmacist in Charge

## Appendix I: OIG Mission, Leadership, and Contact Information

The mission of OIG is to prevent, detect, and deter fraud, waste, and abuse through the audit, investigation, and inspection of federal and state taxpayer dollars used in the provision and delivery of health and human services in Texas. The senior leadership guiding the fulfillment of OIG's mission and statutory responsibility includes:

- Raymond Charles Winter, Inspector General
- Susan Biles, Principal Deputy Inspector General
- Kacy J. VerColen, Chief of Audit and Inspections
- Eugenia Krieg, Chief of Staff, Chief of Policy and Performance
- Erik Cary, Chief Counsel
- Diane Salisbury, Chief of Data Reviews
- Matt Chaplin, Chief of Operations
- Steve Johnson, Chief of Investigations and Utilization Reviews

### To Obtain Copies of OIG Reports

- OIG website: [ReportTexasFraud.com](http://ReportTexasFraud.com)

### To Report Fraud, Waste, and Abuse in Texas HHS Programs

- Online: <https://oig.hhs.texas.gov/report-fraud-waste-or-abuse>
- Phone: 1-800-436-6184

### To Contact OIG

- Email: [oig.generalinquiries@hhs.texas.gov](mailto:oig.generalinquiries@hhs.texas.gov)
- Mail: Texas Health and Human Services  
Office of Inspector General  
P.O. Box 85200  
Austin, Texas 78708-5200
- Phone: 512-491-2000