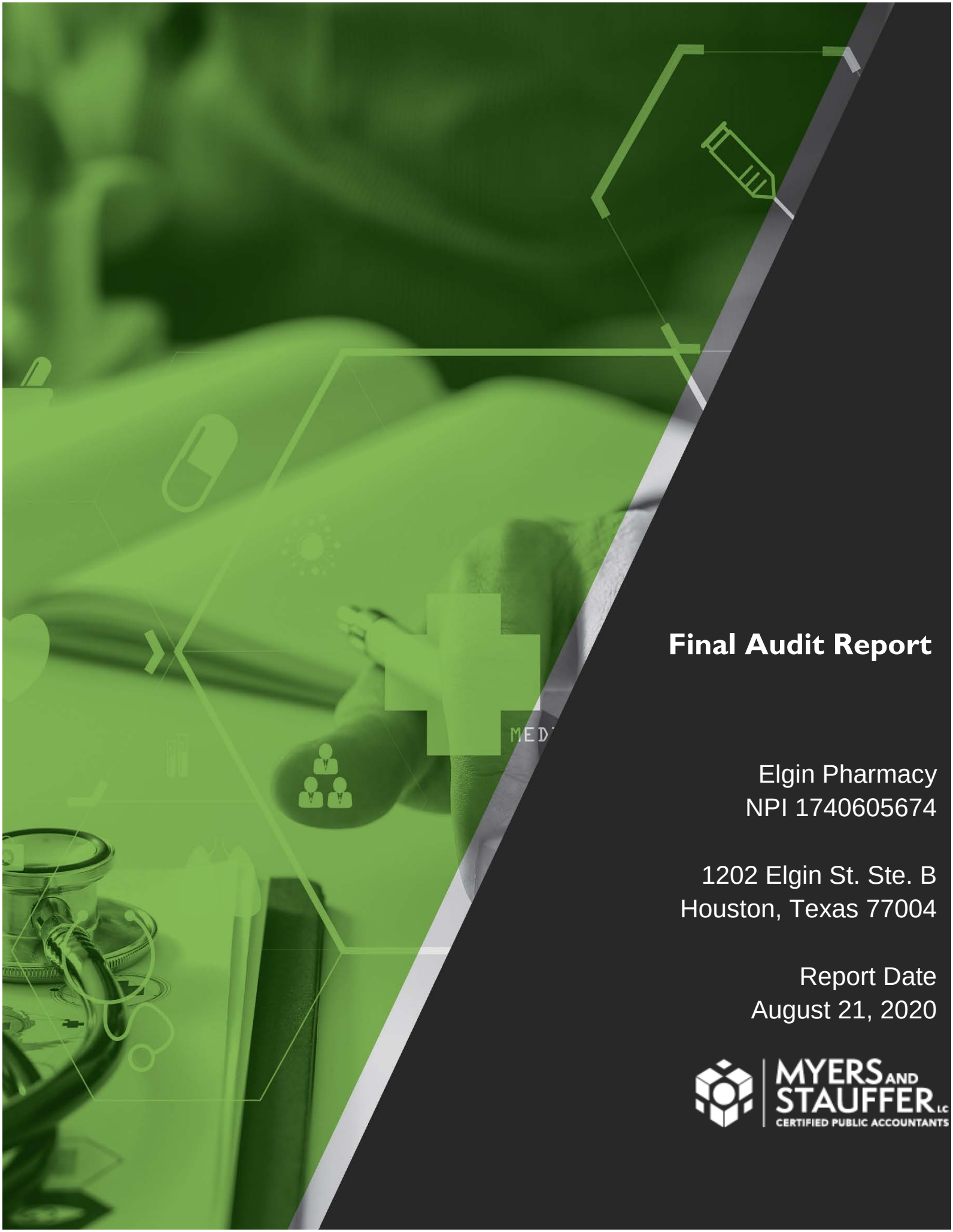

Final Audit Report

Elgin Pharmacy
NPI 1740605674

1202 Elgin St. Ste. B
Houston, Texas 77004

Report Date
August 21, 2020

MYERS AND STAUFFER LC
CERTIFIED PUBLIC ACCOUNTANTS

MYERS AND STAUFFER LC
CERTIFIED PUBLIC ACCOUNTANTS

To the Executive Commissioner of the Texas Health and Human Services Commission
Austin, Texas

Myers and Stauffer LC has completed the performance audit of Elgin Pharmacy to determine whether pharmacy claims billed and paid under the State Medicaid Vendor Drug Program were in accordance with applicable state and federal Medicaid laws, regulations, rules, policies, and contractual requirements. The specific state and federal Medicaid laws, regulations, rules, policies, and contractual requirements to be tested were agreed to by Texas Health and Human Services Commission Office of the Inspector General (HHSC-OIG) in the approved audit test plan.

Our audit was performed under Myers and Stauffer's master contract #529-17-0117-00004, Work Order/Contract #HHS000325700001, Purchase Order #HHSTX-9-0000195405 with HHSC. Our audit covered the period of October 30, 2014, through August 31, 2017.

We conducted this audit in accordance with the performance audit provisions of Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to sufficiently obtain 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.

Management responses from Elgin Pharmacy are included in this report.

This report is intended solely for the information and use of Texas HHSC-OIG and Elgin Pharmacy management and is not intended to be, and should not be, used by anyone other than these specified parties.

If we can be of any assistance to you, or if you have any questions concerning this report, please contact us.

Sincerely,

Myers and Stauffer LC

Myers and Stauffer LC
August 21, 2020

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Executive Summary

Background

The Texas Health and Human Services Commission Office of the Inspector General contracted with Myers and Stauffer LC to conduct audits of Medicaid claims billed by providers and paid by the state Medicaid program. Elgin Pharmacy was selected for audit. The audit focused on pharmacy claims for dates of service during the period October 30, 2014, through August 31, 2017.

Objective

The objective of the claims audit was to determine whether pharmacy claims billed and paid under the state Medicaid Vendor Drug Program were in accordance with applicable state and federal Medicaid laws, regulations, rules, policies, and contractual requirements.

Methodology

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards and applicable Texas Administrative Code rules, including 1 TAC §371.1719 and 1 TAC §354.1891, as appropriate. 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.

Findings

The audit of Elgin Pharmacy claims determined that 29 of 327 claims reviewed did not comply with relevant policies. The audit found that prescriptions were not dispensed as authorized and/or did not include all required elements on these 29 claims.

Background and Criteria

The Texas Health and Human Services Commission Office of the Inspector General (HHSC-OIG) contracted with Myers and Stauffer LC to conduct audits of Medicaid claims billed by providers and paid by the state Medicaid program within the standards applicable to performance audits contained in Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States. The pharmacy provider, Elgin Pharmacy, was selected by Texas HHSC-OIG for an audit of Medicaid claims.

Pharmacies receive, process, and dispense prescription drug or medication orders. Texas pharmacies must enroll with Texas HHSC Vendor Drug Program (VDP) prior to dispensing outpatient prescriptions to people enrolled in either Medicaid managed care or traditional Medicaid. The Texas VDP is responsible for outpatient prescriptions for people enrolled in traditional Medicaid. Texas HHSC contracts with managed care organizations (MCOs) and pays each MCO a monthly amount to coordinate health services for people enrolled in Medicaid or Children's Health Insurance Program (CHIP) MCOs. Pharmacies may also dispense home health supplies, vitamins/minerals (for enrollees 20 years of age and younger), and mosquito repellent (to pregnant females, females ages 10-55 years old, and males ages 14 and older) through the VDP.

Claims for pharmacies enrolled in the Texas VDP should comply with the Texas VDP Pharmacy Provider Procedure Manual (PPPM); Texas Administrative Code (TAC); United States Code, including the False Claims Act and Controlled Substances Act (CSA); Texas Controlled Substances Act; Texas State Board of Pharmacy Rules, and MCO rules, if applicable.

Audit Objective

The objective of the claims audit was to determine whether pharmacy claims billed and paid under the state Medicaid VDP were in accordance with applicable state and federal Medicaid laws, regulations, rules, policies, and contractual requirements. The specific state and federal Medicaid laws, regulations, rules, policies, and contractual requirements to be tested were agreed to by Texas HHSC-OIG in the approved audit test plan.

Sampling Overview

A statistically valid random sample was selected from the universe of claims provided by Texas HHSC-OIG. The universe provided included 46,388 pharmacy claims for dates of service during the period October 30, 2014, through August 31, 2017, to 454 unique recipients for which Elgin Pharmacy was reimbursed $8,388,773. The sample included 164 unique recipients with a total of 327 pharmacy claims paid for dates of service during the period October 30, 2014, through August 31, 2017. Elgin Pharmacy was reimbursed a total of $208,905 for these claims. The pharmacy claims data for the sample identified 96 unique prescribers and included 158 unique National Drug Codes.

Audit Process

Scope

The scope of this audit includes review of Medicaid paid claims billed by Elgin Pharmacy for dates of service during the period October 30, 2014, through August 31, 2017.

Testing of the Texas VDP claims processing system was outside the scope of the audit. As such, pursuant to guidance from Texas HHSC-OIG, if the claims adjudicated for payment through the Texas VDP claims processing system, the following assumptions were made:

- Drug prescribed/dispensed was included in the Texas Drug Code Index.
- Prescribing doctor was enrolled with the VDP.

Methodology

We conducted this performance audit in accordance with GAGAS and applicable TAC rules, including 1 TAC §371.1719 and 1 TAC §354.1891, as appropriate. 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. Audit testing was performed to verify compliance in the following areas:

- Pharmacy and prescriber licensing.
- Prescription and claims record requirements.
- Authorized drugs.
- Quantities.
- Refills.
- Controlled substances.

Achieving the objectives of the audit did not require the review of Elgin Pharmacy's overall internal control structure. Rather, we limited our review to gaining an understanding of the controls significant within the context of the audit objectives.

Audit Findings

Of the 327 Medicaid paid claims reviewed, Myers and Stauffer identified the following findings for 29 claim lines. One claim line may have multiple types of findings. Findings were reviewed and verified by a licensed pharmacist.

List of Findings and Supporting Policy

Findings	Number of Claim Lines	Supporting Policy
The prescription does not meet record requirements.	2	1 TAC §291.34(b)(7)(A)

List of Findings and Supporting Policy		
Findings	**Number of Claim Lines**	**Supporting Policy**
The dispensing pharmacist does not date the prescription and initial refills.	22	1 TAC §354.1863(e)
The quantity dispensed is not equal to the quantity prescribed and/or billed (unless limited by HHSC's policies and procedures).	3	22 TAC §291.32(c)(1)(F) TX VDP Provider Manual 2016 §8.2.6
Refills are not dispensed as authorized by the prescriber.	2	1 TAC §291.34(b)(8)(A)(i) and (ii) 1 TAC §291.34(d)(2)(A) TX VDP Provider Manual 2016 §8.2.6
Prescriptions for controlled substances are manually signed by the prescriber on an official prescription form or in an electronic prescription and/or are dispensed in a manner that is non-compliant with the CSA.	2	Texas Health and Safety Code §481.075 (e)(1)(D)

We believe the evidence obtained during the course of the claims audit provides a reasonable basis for the findings and conclusions based on the audit objectives. The audit was not intended to discover all possible errors and any errors not identified within this report should not lead to a conclusion the practice is acceptable. Due to the limited nature of the review, no inferences should be drawn solely from this report of the provider's overall level of performance.

Management's Response

A draft copy of this report was sent to Elgin Pharmacy on August 5, 2020. Elgin Pharmacy responded on August 7, 2020. In its response, Elgin Pharmacy objected to 42 questioned claim lines and submitted additional documentation for the claims with findings of missing original prescription and quantity dispensed does not equal the quantity prescribed. An exit conference was held on August 13, 2020, to discuss the preliminary findings. During the exit conference, Elgin Pharmacy stated that per contracts with the Medicaid MCOs, they opted out of providing extended day drug supplies and, as a result, cannot dispense more than a month's supply even when prescribed.

Revised Findings Based on Management's Response

After reviewing Elgin Pharmacy's response and the additional documentation submitted, we revised the findings, resulting in the number of questioned claims decreasing from the 62 identified in the Preliminary Draft Audit Report to 29 claim lines. Findings were revised as follows:

- Elgin Pharmacy submitted a copy of the original prescription for five claim lines with a finding of original prescription not provided in the Preliminary Draft Audit Report. Upon review of the submitted documentation, this finding was rescinded for all five claim lines.
- Elgin Pharmacy submitted a copy of MCO contracts to help support the quantities billed/dispensed for 42 claim lines with a finding of quantity dispensed is not equal to the quantity prescribed and/or billed. Upon review of the submitted MCO contracts, findings were rescinded for 39 claim lines where the pharmacy billed/dispensed a month's supply of medication. However, for the three instances where the quantity discrepancy did not involve a prescribed quantity of more than a month's supply, the findings were upheld.

Final Determination of Overpayment

The identified individual overpayment amounts for the questioned claims are listed in Appendix A of this report. The total amount due to Texas HHSC-OIG is $4,310.34 for the claims reviewed. Based on the findings cited in this Final Audit Report, Elgin Pharmacy is directed to:

- Remit the overpayment in the amount of $4,310.34, pursuant to 1 TAC §354.1891, Vendor Drug Providers Subject to Audit, and 1 TAC §354.1892, Exception Notification. Payment is to be made to the Texas HHSC-OIG.
- Comply with all state and federal Medicaid laws, regulations, rules, policies, and contractual requirements.

Appendix A – Detailed Findings

Elgin Pharmacy
Project Number 003
NPI 1740605674

Sample Item Number	Participant ID	Claim Number	Date of Service	Date Prescribed	Date Paid	Dispensing Fee Amount	Total Reimbursed Amount	Corrected Amount	Overpayment Amount	Finding Type	Recoupment Type	Supporting Policy Reference
23	[redacted]	[redacted]	[redacted]/2015	[redacted]/2015	[redacted]/2015	$1.25	$19.92	$0.00	$19.92	CSA	1	G
24	[redacted]	[redacted]	[redacted]/2017	[redacted]/2017	[redacted]/2017	$0.40	$312.19	$0.00	$312.19	DATINIT	1	B
25	[redacted]	[redacted]	[redacted]/2017	[redacted]/2016	[redacted]/2017	$0.40	$268.72	$0.00	$268.72	DATINIT	1	B
34	[redacted]	[redacted]	[redacted]/2016	[redacted]/2016	[redacted]/2016	$1.25	$513.77	$0.00	$513.77	DATINIT	1	B
41	[redacted]	[redacted]	[redacted]/2017	[redacted]/2017	[redacted]/2017	$1.35	$15.25	$0.00	$15.25	DATINIT	1	B
47	[redacted]	[redacted]	[redacted]/2016	[redacted]/2016	[redacted]/2016	$0.40	$15.13	$0.00	$15.13	DATINIT	1	B
48	[redacted]	[redacted]	[redacted]/2017	[redacted]/2017	[redacted]/2017	$0.40	$14.10	$0.00	$14.10	DATINIT	1	B
63	[redacted]	[redacted]	[redacted]/2016	[redacted]/2016	[redacted]/2016	$0.40	$249.73	$0.00	$249.73	DATINIT	1	B
69	[redacted]	[redacted]	[redacted]/2017	[redacted]/2017	[redacted]/2017	$1.35	$2.21	$0.00	$2.21	DATINIT	1	B
75	[redacted]	[redacted]	[redacted]/2017	[redacted]/2016	[redacted]/2017	$0.40	$30.89	$0.00	$30.89	DATINIT	1	B
86	[redacted]	[redacted]	[redacted]/2017	[redacted]/2017	[redacted]/2017	$1.35	$42.47	$0.00	$42.47	DATINIT	1	B
88	[redacted]	[redacted]	[redacted]/2016	[redacted]/2016	[redacted]/2016	$0.90	$1.98	$0.00	$1.98	DATINIT	1	B
104	[redacted]	[redacted]	[redacted]/2016	[redacted]/2016	[redacted]/2016	$0.40	$7.53	$0.00	$7.53	DATINIT	1	B
109	[redacted]	[redacted]	[redacted]/2016	[redacted]/2016	[redacted]/2016	$0.40	$53.08	$0.00	$53.08	DATINIT	1	B
127	[redacted]	[redacted]	[redacted]/2017	[redacted]/2017	[redacted]/2017	$0.40	$137.22	$0.00	$137.22	DATINIT	1	B
132	[redacted]	[redacted]	[redacted]/2016	[redacted]/2016	[redacted]/2016	$0.40	$20.27	$0.00	$20.27	DATINIT	1	B
140	[redacted]	[redacted]	[redacted]/2016	[redacted]/2016	[redacted]/2016	$1.25	$55.39	$0.00	$55.39	DATINIT	1	B
156	[redacted]	[redacted]	[redacted]/2017	[redacted]/2017	[redacted]/2017	$0.40	$267.68	$267.28	$0.40	QTY	2	C, F
160	[redacted]	[redacted]	[redacted]/2017	[redacted]/2017	[redacted]/2017	$0.40	$253.57	$253.17	$0.40	QTY, NDA	2	C, F, H, I
169	[redacted]	[redacted]	[redacted]/2017	[redacted]/2017	[redacted]/2017	$1.25	$386.86	$0.00	$386.86	REQNM	1	D
171	[redacted]	[redacted]	[redacted]/2017	[redacted]/2017	[redacted]/2017	$1.25	$386.86	$0.00	$386.86	REQNM	1	D
178	[redacted]	[redacted]	[redacted]/2016	[redacted]/2016	[redacted]/2017	$1.35	$6.04	$0.00	$6.04	DATINIT	1	B
182	[redacted]	[redacted]	[redacted]/2017	[redacted]/2017	[redacted]/2017	$0.40	$59.99	$59.59	$0.40	QTY, NDA	2	C, F, H, I
195	[redacted]	[redacted]	[redacted]/2017	[redacted]/2016	[redacted]/2017	$1.35	$12.69	$0.00	$12.69	DATINIT	1	B
198	[redacted]	[redacted]	[redacted]/2017	[redacted]/2017	[redacted]/2017	$1.25	$257.51	$0.00	$257.51	DATINIT	1	B
204	[redacted]	[redacted]	[redacted]/2016	[redacted]/2016	[redacted]/2016	$1.35	$3.23	$0.00	$3.23	DATINIT	1	B
205	[redacted]	[redacted]	[redacted]/2017	[redacted]/2016	[redacted]/2017	$1.35	$2.20	$0.00	$2.20	DATINIT	1	B
213	[redacted]	[redacted]	[redacted]/2015	[redacted]/2015	[redacted]/2015	$0.95	$39.77	$0.00	$39.77	CSA	1	G
238	[redacted]	[redacted]	[redacted]/2016	[redacted]/2016	[redacted]/2016	$1.25	$1,454.13	$0.00	$1,454.13	DATINIT	1	B
Total									**$4,310.34**			

Appendix A – Detailed Findings

Legends

Finding Type	Definition
ORIGPRESC	The original prescription for this claim was not received.
REQNM	The prescription does not meet record requirements.
DATINIT	The dispensing pharmacist does not date the prescription and initial refills.
NDA	Refills are not dispensed as authorized by the prescriber.
QTY	The quantity dispensed is not equal to the quantity prescribed and/or billed (unless limited by HHSC's policies and procedures).
CSA	Prescriptions for controlled substances are manually signed by the prescriber on an official prescription form or in an electronic prescription and/ or are dispensed in a manner that is non-compliant with the CSA.

Recoupment Type	Recoupment Type
1	Full
2	Partial

Supporting Policy	Policy	Reference
1 TAC §354.1863(b)	(b) The pharmacist must ensure that the original prescription conforms to the Texas State Board of Pharmacy rules concerning the records to be maintained by a pharmacy. A signed prescription must be maintained in the dispenser's file and available for audit at any reasonable time. Telephone orders, where legal, must be documented in writing. The name of the prescriber and the signature of the dispensing pharmacist must be documented. If a pharmacy maintains prescription records in a data processing system, a hard copy of the prescription must be retained on file unless the daily log includes all the information required in §354.1901 of this title (relating to Pharmacy Claims). The provider must conform to all regulations issued by the Drug Enforcement Administration and Texas State Board of Pharmacy concerning the recording of prescriptions in a data processing system.	A
1 TAC §354.1863(e)	The dispensing pharmacist must date the prescription and initial the refills.	B
22 TAC §291.32(c)(1)(F)	A dispensing pharmacist shall be responsible for and ensure that the drug is dispensed and delivered safely and accurately as prescribed, unless the pharmacy's data processing system can record the identity of each pharmacist involved in a specific portion of the dispensing processing. If the system can track the identity of each pharmacist involved in the dispensing process, each pharmacist involved in the dispensing process shall be responsible for and ensure that the portion of the process the pharmacist is performing results in the safe and accurate dispensing and delivery of the drug as prescribed. The dispensing process shall include, but not be limited to, drug regimen review and verification of accurate prescription data entry, including prescriptions placed on hold, packaging, preparation, compounding, transferring, labeling, and performance of the final check of the dispensed prescription. An intern has the same responsibilities described in this subparagraph as a pharmacist but must perform his or her duties under the supervision of a pharmacist.	C
22 TAC §291.34(b)(7)(A)	Prescription drug order information. (A) All original prescriptions shall bear: (i) the name of the patient, or if such drug is for an animal, the species of such animal and the name of the owner; (ii) the address of the patient, provided, however, a prescription for a dangerous drug is not required to bear the address of the patient if such address is readily retrievable on another appropriate, uniformly maintained pharmacy record, such as medication records; (iii) the name, address and telephone number of the practitioner at the practitioner's usual place of business, legibly printed or stamped, and if for a controlled substance, the DEA registration number of the practitioner; (iv) the name and strength of the drug prescribed	D
TX VDP Provider Manual 2015 §5.3.6	No partial fill processing is allowed.	E
TX VDP Provider Manual 2016 §8.2.6	No partial fill processing is allowed.	F
Texas Health and Safety Code §481.075(e)(1)(D)	Each official prescription form or electronic prescription used to prescribe a Schedule II controlled substance must contain: information provided by the prescribing practitioner, including the intended use of the controlled substance or the diagnosis for which it is prescribed and the instructions for use of the substance.	G
22 TAC §291.34(b)(8)(A)(i) and (ii)	Refills may be dispensed only in accordance with the prescriber's authorization as indicated on the original prescription drug order except as authorized in paragraph (10) of this subsection relating to accelerated refills. If there are no refill instructions on the original prescription drug order (which shall be interpreted as no refills authorized) or if all refills authorized on the original prescription drug order have been dispensed, authorization from the prescribing practitioner shall be obtained prior to dispensing any refills and documented as specified in subsection (l) of this section.	H

Appendix A – Detailed Findings

Legends

Finding Type	Definition
ORIGPRESC	The original prescription for this claim was not received.
REQNM	The prescription does not meet record requirements.
DATINIT	The dispensing pharmacist does not date the prescription and initial refills.
NDA	Refills are not dispensed as authorized by the prescriber.
QTY	The quantity dispensed is not equal to the quantity prescribed and/or billed (unless limited by HHSC's policies and procedures).
CSA	Prescriptions for controlled substances are manually signed by the prescriber on an official prescription form or in an electronic prescription and/ or are dispensed in a manner that is non-compliant with the CSA.

Recoupment Type	Recoupment Type
1	Full
2	Partial

Supporting Policy	Policy	Reference
22 TAC §291.34(d)(2)(A)	Each time a prescription drug order is refilled, a record of such refill shall be made: (i) on the back of the prescription by recording the date of dispensing, the written initials or identification code of the dispensing pharmacist, the initials or identification code of the pharmacy technician or pharmacy technician trainee preparing the prescription label, if applicable, and the amount dispensed. (If the pharmacist merely initials and dates the back of the prescription drug order, he or she shall be deemed to have dispensed a refill for the full face amount of the prescription drug order); or (ii) on another appropriate, uniformly maintained, readily retrievable record, such as medication records, that indicates by patient name the following information: (I) unique identification number of the prescription; (II) name and strength of the drug dispensed; (III) date of each dispensing; (IV) quantity dispensed at each dispensing; (V) initials or identification code of the dispensing pharmacist; (VI) initials or identification code of the pharmacy technician or pharmacy technician trainee preparing the prescription label, if applicable; and (VII) total number of refills for the prescription.	I