

The background features a blurred medical scene with a green overlay. A large white cross is centered, with the word 'MED' partially visible below it. Various medical icons are scattered throughout, including a syringe, a pill, a stethoscope, a microscope, and a group of people. A white diagonal line runs from the bottom left towards the top right, separating the background from the text area.

Final Audit Report

Ortiz Pharmacy
NPI: 1508180951
OIG Report No. AUD-24-010

Report Date
June 7, 2024





Executive Summary

In coordination with the Texas Health and Human Services Commission Office of the Inspector General (HHSC-OIG), Myers and Stauffer LC (Myers and Stauffer) has completed the performance audit of Ortiz Pharmacy (Provider). The purpose of the performance audit was to determine whether managed care organization (MCO) encounter pharmacy claims billed and paid under the state Medicaid program were in accordance with applicable state and federal Medicaid laws, regulations, rules, policies, and contractual requirements.

We conducted this audit in accordance with the performance audit provisions of Generally Accepted Government Auditing Standards (GAGAS) 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.

The purpose of this performance audit report is to clearly communicate the results of the audit to those charged with governance, Provider management, and the appropriate oversight officials.

The audit focused on certain MCO encounter pharmacy claims with dates of service during September 1, 2020, through August 31, 2022. The audit resulted in a recommendation that the Provider ensures that the transcribing pharmacist receiving a telephonically communicated prescription is identified on the prescription in accordance with relevant policies. The audit did not result in findings with corresponding overpayment determinations.



Background and Criteria

HHSC-OIG contracted Myers and Stauffer to conduct audits of Medicaid claims billed by providers and paid by the state Medicaid program. Myers and Stauffer has been engaged to perform a claims audit of Ortiz Pharmacy (Provider). The audit focused on MCO encounter pharmacy claims having dates of service during the period September 1, 2020, through August 31, 2022.

The Provider is an independent pharmacy which operates at 2515 Castroville Road, San Antonio, TX 78237.

Pharmacies receive, process, and dispense prescription drug or medication orders. Texas pharmacies must enroll with the HHSC Vendor Drug Program (VDP) prior to dispensing outpatient prescriptions to Medicaid managed care enrollees. HHSC contracts with MCOs licensed by the Texas Department of Insurance and pays them a monthly amount to coordinate health services for Medicaid clients enrolled in their health plan. The health plans contract directly with doctors and other health care providers to create provider networks their members can use. The health plans are required to provide all covered, medically-necessary services to their members.

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

Audit Objective

The objective of the claims audit is to determine whether pharmacy claims billed to, and paid under, the state Medicaid 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 tested were agreed to by HHSC-OIG in the approved audit test plan.

Sampling Overview

For the period January 1, 2018, through December 31, 2021, HHSC-OIG developed algorithms to identify risk areas for Texas Medicaid providers. The algorithms identified \$23,253,614 at risk of \$37,619,161 total pharmacy payments to the Provider. HHSC-OIG provided all at risk fee-for-service and MCO encounter claims within the total payment population to Myers and Stauffer for review. HHSC-OIG subsequently provided MCO encounter data to Myers and Stauffer for audit purposes covering the period September 1, 2020, through August 31, 2022, totaling \$16,730,714 in provider reimbursement.

The claims data was further analyzed and the audit universe was established to only include certain medications reimbursed by Superior HealthPlan. Superior HealthPlan's pharmacy benefit manager (PBM) during the review period was Envolve Pharmacy Solutions (EPS). The following medications were selected:



- Aristada ER 882 Mg/3.2 ML S.
- Invega Trinza 819 Mg/2.625.
- Aristada ER 1064 Mg/3.9 ML.
- Invega Trinza 819 Mg/2.63 ML.
- Invega Trinza 410 Mg/1.315.
- Perseris ER 120 Mg Syringe.

The final claims universe consisted of 4,433 claims for 446 unique recipients for which the Provider was reimbursed \$5,840,579. The sample included 185 claims for 62 distinct members for which the Provider was reimbursed \$991,697.

Audit Process

Scope

The scope of this audit included the review of Medicaid MCO encounter pharmacy claims only, with dates of service during the period September 1, 2020, through August 31, 2022.

Testing of the PBM's claims processing system is outside the scope of the audit. As such, if the claims adjudicated for payment through the PBM's claims processing system, the following assumptions were made:

- Drug prescribed/dispensed was included in the Texas Drug Code Index.

In gaining an understanding of internal controls, Myers and Stauffer will limit the review to the Provider's overall internal control structure significant to the audit objectives. Myers and Stauffer determined significant internal controls to the audit objective include:

- **Control Environment:** The foundation for an internal control system. It provides the discipline and structure to help an entity achieve its objectives.
- **Control Activities:** The actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system, which includes the entity's information system.
- **Monitoring:** Activities management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews.

Methodology

Myers and Stauffer 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 the audit is planned and performed 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:

- Verify pharmaceuticals were dispensed by a licensed pharmacist enrolled in Medicaid by obtaining and reviewing licensing documentation for all dispensing pharmacists during the period under review.



- Verify pharmaceuticals were prescribed by a practitioner licensed to prescribe legend drugs by obtaining and reviewing documentation of prescriber's licensing and original signed prescriptions.
- Verify claims included the prescriber's correct identification number by obtaining and reviewing the pharmacy claims data and original prescription.
- Verify original prescription met documentation requirements by obtaining and reviewing original signed prescriptions and documentation of telephone orders and faxed orders, if applicable.
 - Verify original prescription conformed to the TSBP rules concerning records to be maintained by a pharmacy.
 - Verify original prescription was signed.
 - Verify initials or identification code of the transcribing pharmacist was documented if the prescription order was communicated orally or telephonically.
 - Verify faxed prescriptions included a statement indicating the prescription had been faxed (e.g., "Faxed To:").
 - Verify prescriptions for covered pharmaceuticals submitted to a pharmacy in written form were executed on tamper-resistant prescription paper.
 - Verify original prescription included the following information:
 - Name and address of the recipient.
 - Name of the prescriber and their work address.
 - Name and strength of the drug prescribed.
 - Quantity prescribed.
 - Directions for use.
 - Date of issuance.
 - Verify pharmacist documented the following on either the original hardcopy prescription or in the pharmacy's data processing system when the prescription is dispensed:
 - Unique identification number of the prescription drug order.
 - Initials or identification number of the dispensing pharmacist.
 - Quantity dispensed (if different from the quantity prescribed).
 - Date of dispensing (if different from the date of issuance).
 - National Drug Code of the drug actually dispensed.



- Name of the drug actually dispensed (if different from the one prescribed).
- Verify pharmacist dispensed and billed drugs safely and accurately, as prescribed, by obtaining and reviewing the original signed prescription and prescriber authorizations as needed.
 - Verify that only authorized drugs were dispensed and billed.
 - Verify substitutions were authorized by the prescribing physician and the substituted drug was dispensed accurately as prescribed.
 - Verify prescriptions were properly documented when a brand was necessary.
 - Verify the prescribed and dispensed drug was picked up by the recipient/recipient's guardian by reviewing signed prescription pick-up logs.
- Verify quantity dispensed was the same as the quantity prescribed and billed, except as limited by HHSC's policies and procedures, by obtaining and reviewing the original signed prescription and pharmacy claims data.
- Verify prescription label met documentation requirements by obtaining and reviewing the prescription back tag.

In addition, inquiries; observations; inspection of documents and records; review of other audit reports; and/or direct tests were performed to assess the design, implementation and/or operating effectiveness of controls determined significant to the audit objectives stated in the scope.

Audit Results

Myers and Stauffer believes the evidence obtained during the course of the claims audit provides a reasonable basis for the determination that the pharmacy claims billed to, and paid under, the state Medicaid program were in accordance with applicable state and federal Medicaid laws, regulations, rules, policies and contractual requirements. 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. Myers and Stauffer determined only recommendations are necessary at this time. Due to the limited nature of the review, no inferences should be drawn from this report with respect to the Provider's overall level of performance.

Recommendation

The testing of original prescriptions communicated telephonically during the audit period did not result in findings with corresponding overpayment determinations. However, testing did identify the transcribing pharmacist to which the prescription order was telephonically communicated was not always identified on the prescription. Myers and Stauffer recommends the Provider update internal processes in accordance with 22 TAC §291.34(b)(7)(A)(xii).