

Audit Report

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.



**Inspector
General**

Texas Health
and Human Services

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A Managed Care Network Provider Contracted Under Amerigroup Texas, Inc., Amerigroup Insurance Company, and Superior HealthPlan, 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 managed care encounters paid to Bemaj Pharmacy, Inc. (Bemaj) for prescriptions dispensed to Amerigroup Texas, Inc. and Amerigroup Insurance Company (Amerigroup) and Superior HealthPlan, Inc. (Superior) members. Pharmacy audits are conducted to verify that Medicaid members have access to vital medications in accordance with contractual, state, and federal requirements.

During the audit scope, which covered the period from September 1, 2017, through August 31, 2022, Bemaj was paid (a) \$61,312.07 for 812 Texas Medicaid managed care encounters for prescriptions dispensed to Amerigroup members and (b) \$389,186.12 for 1,785 Texas Medicaid managed care encounters for prescriptions dispensed to Superior members.

Summary of Review

The audit objective was to determine whether Bemaj (a) properly billed for selected paid encounters associated with Texas Medicaid members enrolled with Amerigroup and Superior and (b) complied with applicable contractual, state, and federal requirements.

The audit scope covered the period from September 1, 2017, through August 31, 2022.

Conclusion

Bemaj Pharmacy, Inc. (Bemaj) filled and dispensed prescriptions for Texas Medicaid members; however, Bemaj did not consistently comply with certain requirements for dosage directions, medication strength, maintaining support, and signing or dating written prescriptions. Additionally, Bemaj dispensed opioid and Schedule II prescriptions received through a facsimile communication (fax), which is not allowed. As a result, Bemaj was overpaid and should repay \$18,675.55 to the state of Texas.

Key Results

Bemaj complied with requirements for providing the correct quantity and type of medication and obtaining delivery confirmations for most prescriptions. However, Bemaj did not consistently comply with certain requirements. Specifically:

- Bemaj received an overpayment of \$356.36 for six pharmacy encounters tested. Bemaj submitted:
 - Two opioid claims with dispensed dosage directions to take one tablet by mouth every six hours when the prescribed dosage directions were to take one tablet by mouth six times a day.
 - One Schedule II claim with a dispensed medication strength of 18 mg when the prescribed medication strength was 36 mg.
 - Three claims for which it did not maintain supporting documentation for three opioid encounters.
- For 42 of 205 encounters tested, Bemaj filled 2 invalid opioid prescriptions and 40 invalid Schedule II prescriptions that it received through fax, resulting in an overpayment of \$7,234.46.

Background

Bemaj is a community-based managed care network provider pharmacy located in Houston, Texas, and contracted under Amerigroup and Superior, both of which are managed care organizations (MCOs). For pharmacy benefit manager (PBM) services to process outpatient pharmacy claims, Amerigroup contracts with IngenioRx, Inc. and Superior contracts with Envolve, Inc. Bemaj also contracts with Leader Drugstores, Inc., a pharmacy services administrative organization that provides contract management and pharmacy services to Bemaj.

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

Bemaj indicated it began implementing corrective actions in August 2023.

- For 79 of 205 encounters tested, Bemaj submitted 6 opioid claims and 73 Schedule II claims for written prescriptions that were not signed or dated by a pharmacist on the date the prescription was filled, resulting in an overpayment of \$11,084.73.

Recommendations

Bemaj should:

- Print dispensing labels with the correct dosage directions based on the prescribed dosage directions.
- Dispense prescriptions in medication strengths that align with the prescribed medication strength.
- Retain all necessary documentation to support (a) it dispensed and filled each prescription accurately and (b) medication delivery was confirmed.
- Not (a) process prescriptions for opioid or Schedule II prescriptions when it receives them through fax or (b) fill prescriptions marked as void.
- Verify that it submits claims for written prescriptions only when the prescriptions were signed and dated by the dispensing pharmacist on the date the prescription was filled.

Additionally, Bemaj was overpaid and should repay \$18,675.55 to the state of Texas.

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Audit Overview

Overall Conclusion

Bemaj Pharmacy, Inc. (Bemaj) filled and dispensed prescriptions for Texas Medicaid members; however, Bemaj did not consistently comply with certain requirements for dosage directions, medication strength, maintaining support, and signing or dating written prescriptions. Additionally, Bemaj dispensed opioid¹ and Schedule II² prescriptions received through a facsimile communication (fax), which is not allowed. As a result, Bemaj was overpaid and should repay \$18,675.55 to the state of Texas.³

Objective

The audit objective was to determine whether Bemaj (a) properly billed for selected paid encounters associated with Texas Medicaid members enrolled with Amerigroup Texas, Inc. and Amerigroup Insurance Company (Amerigroup) and Superior HealthPlan, Inc. (Superior) and (b) complied with applicable contractual, state, and federal requirements.

Scope

The audit scope covered the period from September 1, 2017, through August 31, 2022.

¹ In the context of this report, "opioid prescriptions" refers to a sample of encounters that included only prescriptions identified as having dispensed opioid drugs.

² In the context of this report, "Schedule II prescriptions" refers to a sample of encounters that included only Schedule II drugs with an origin code of 4, which indicated the pharmacy received the prescriptions through fax.

³ Each claim and associated claim amount is counted and included for recoupment only once regardless of the number of exceptions. Claims with multiple issues were recommended for recoupment with the first cited exception, in ascending order.

Key Audit Results

Bemaj complied with requirements for providing the correct quantity and type of medication and obtaining delivery confirmations for most prescriptions. However, Bemaj did not consistently comply with certain requirements. Specifically:

- Bemaj received an overpayment of \$356.36 for six pharmacy encounters tested. Bemaj submitted:
 - Two opioid claims⁴ with dispensed dosage directions to take one tablet by mouth every six hours when the prescribed dosage directions were to take one tablet by mouth six times a day.
 - One Schedule II claim with a dispensed medication strength of 18 mg when the prescribed medication strength was 36 mg.
 - Three claims for which it did not maintain supporting documentation for three opioid encounters.
- For 42 of 205 encounters tested, Bemaj filled 2 invalid opioid prescriptions and 40 invalid Schedule II prescriptions that it received through fax, resulting in an overpayment of \$7,234.46.
- For 79 of 205 encounters tested, Bemaj submitted 6 opioid claims and 73 Schedule II claims for written prescriptions that were not signed or dated by a pharmacist on the date the prescription was filled, resulting in an overpayment of \$11,084.73.

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

What Prompted This Audit

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

⁴ In the context of this report, Bemaj submits claims, which are the basis of encounters submitted to the Texas Health and Human Services Commission (HHSC) by Amerigroup and Superior, both of which are managed care organizations (MCOs).

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.⁵ In addition, other audit issues identified in this report may be subject to liquidated damages or OIG administrative enforcement measures,⁶ including administrative penalties.⁷

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

OIG Audit presented preliminary audit results, issues, and recommendations to Bemaj in a draft report dated August 15, 2023. Bemaj indicated it began implementing corrective actions in August 2023. Bemaj’s management responses are included in the report following each recommendation.

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

Key Program Data

Bemaj is a community-based managed care network provider pharmacy located in Houston, Texas, and contracted under Amerigroup Texas, Inc. and Amerigroup Insurance Company (Amerigroup)⁸ and Superior HealthPlan, Inc. (Superior), all of which are managed care organizations (MCOs).⁹ For pharmacy benefit manager (PBM) services to process outpatient pharmacy claims, Amerigroup contracts with

⁵ 1 Tex. Admin. Code § 371.1701 (May 1, 2016).

⁶ 1 Tex. Admin. Code § 371.1603 (May 20, 2020).

⁷ Tex. Hum. Res. Code § 32.039 (Apr. 2, 2015).

⁸ Amerigroup Texas, Inc. is the Amerigroup affiliate MCO responsible for compliance with the Uniform Managed Care Contract for the Texas Medicaid STAR and STAR+PLUS programs. Amerigroup Insurance Company is the Amerigroup affiliate MCO responsible for compliance with the STAR Kids Managed Care Contract. For the purposes of this report, Amerigroup Texas, Inc. and Amerigroup Insurance Company are referenced together with the combined abbreviation “Amerigroup.”

⁹ 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.

IngenioRx, Inc. (IngenioRx) and Superior contracts with Envolve, Inc. (Envolve).¹⁰ Bemaj also contracts with Leader Drugstores, Inc. (Leader Drugstores), a pharmacy services administrative organization (PSAO) that provides contract management and pharmacy services to Bemaj.¹¹

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.^{12,13}

During the audit scope, which covered the period from September 1, 2017, through August 31, 2022, Bemaj was paid (a) \$61,312.07 for 812 Texas Medicaid managed care encounters for prescriptions dispensed to Amerigroup members and (b) \$389,186.12 for 1,785 Texas Medicaid managed care encounters for prescriptions dispensed to Superior 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.

¹⁰ During the audit scope period, the PBMs for Amerigroup were (a) Express Scripts, Inc., from September 1, 2017, through September 30, 2019, and (b) IngenioRx, Inc., from October 1, 2019, through August 31, 2022.

¹¹ Appendix B provides additional details about the business relationships involved in delivering managed care pharmacy benefits to Texas Medicaid members whose prescriptions were dispensed by Bemaj.

¹² 1 Tex. Admin. Code §§ 353.905(d) (Sept. 1, 2013) and 353.909(a) (Sept. 1, 2014).

¹³ 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 13, 2023).

Detailed Audit Results

OIG Audit reviewed a total of 205 pharmacy encounters from both Amerigroup and Superior with dates of services from September 1, 2017, through August 31, 2022. Table 1 provides additional details about the opioid pharmacy encounters and Schedule II pharmacy encounters that OIG Audit reviewed.

Table 1: Encounters Reviewed by OIG Audit

MCO	Opioid Encounters	Faxed Schedule II Encounters ¹⁴	Total Encounters Reviewed
Amerigroup	60	60	120
Superior	25	60	85
Total	85	120	205

Source: OIG Audit

Overall, Bemaj dispensed and billed 199 of the 205 pharmacy encounters tested accurately and complied with requirements for providing the correct quantity and type of medication.

Bemaj met timing requirements related to filling the prescriptions associated with all 205 pharmacy encounters. All 43 unique prescribers identified in the 205 pharmacy encounters tested were enrolled Texas Medicaid providers.¹⁵

However, Bemaj did not consistently comply with certain requirements for dosage directions, medication strength, maintaining support, and signing or dating written prescriptions. Additionally, Bemaj dispensed opioid and Schedule II prescriptions received through fax, which is not allowed. The following sections of this report provide additional detail about the findings of noncompliance identified by OIG Audit.

¹⁴ The 120 Schedule II encounters were classified as faxed prescriptions, and OIG Audit reviewed supporting documentation to determine that the prescriptions associated with the encounters were actually faxed to the pharmacy.

¹⁵ Exclusions involve the suspension of a provider or any person from being authorized under the Medicaid program to request reimbursement of items or services furnished by that specific provider.

Pharmacy Encounters

For the 205 encounters tested—which consisted of 85 opioid encounters and 120 Schedule II encounters—OIG Audit (a) compared the prescriber’s original prescriptions with the medication dispensing labels to determine whether Bemaj’s submitted pharmacy claim data was accurate and (b) compared the dispensing label to the encounter data to determine whether billing was accurate.

Table 2 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, and a claim may be included more than once. The recovery amount column includes each claim only once, regardless of the total number of times an exception was noted on that claim.

Table 2: Summary of Errors and Recoveries by Finding Type

Finding Type	Recovery Claims	Recovery Amount ¹⁶
Dispensing errors	3	\$ 319.88
Missing prescription errors	3	36.48
Faxed prescription errors	42	7,234.46
Written prescription errors	79	11,084.73
Total	127	\$18,675.55

Source: OIG Audit

¹⁶ Each claim and associated claim amount is counted and included for recoupment only once regardless of the number of exceptions. Claims with multiple issues were recommended for recoupment with the first cited exception, in ascending order.

Chapter 1: Bemaj Accurately Dispensed Prescriptions with Three Exceptions

Bemaj consistently dispensed prescriptions accurately. For 202 of 205 (98.5 percent) pharmacy encounters tested, Bemaj accurately submitted the (a) dispensed medication name and quantity and (b) prescriber information. However, 3 of 205 (1.5 percent) pharmacy encounters tested involved dispensing label or dispensed medication strength errors, which resulted in overpayments totaling \$319.88. Specifically, Bemaj submitted:

- Two opioid claims with a dispensing label that indicated dosage directions that did not align with the prescribed dosage directions. For both claims, the dosage directions on the dispensing label, which the member received, directed the member to take one tablet by mouth every six hours; however, the dosage directions on the prescription from the member's physician directed the member to take one tablet by mouth six times a day. For these claims, Bemaj was overpaid \$196.85.
- One Schedule II claim with a dispensed medication strength that did not align with the prescribed medication strength. Bemaj dispensed the prescription with a medication strength of 18 mg while the prescribed medication strength was 36 mg. Additionally, only 30 pills were dispensed. For this claim, Bemaj was overpaid \$123.03.

Pharmacists are responsible for dispensing prescriptions accurately.¹⁷ Bemaj asserted that these three prescriptions were not dispensed accurately due to pharmacist errors. When a prescription is dispensed to a member with (a) dosage directions that do not align with the prescribed dosage directions or (b) incorrect medication strength dispensed, the member may experience adverse health effects.

¹⁷ 22 Tex. Admin. Code §§ 291.32(c)(1)(F) (Dec. 6, 2015, through Dec. 10, 2020) and 291.34(b)(6)(A) and (b)(8)(A) (Dec. 19, 2016, through Mar. 15, 2022).

Recommendation 1

Bemaj should:

- Print dispensing labels with the correct dosage directions based on the prescribed dosage directions.
- Dispense prescriptions in medication strengths that align with the prescribed medication strength.
- Repay the state of Texas a total of \$319.88, which is the total of (a) \$196.85 for the two prescriptions dispensed with incorrect dosage directions and (b) \$123.03 for the prescription dispensed with an incorrect medication strength.

Management Response

Action Plan

Bemaj Pharmacy will fill all prescriptions accurately by printing the correct label which will include the right medication, the right dosage and the right direction.

Responsible Manager

Pharmacist in Charge

Target Implementation Date

Action plans started on August 1, 2023.

Chapter 2: Bemaj Did Not Always Retain Support for Submitted Claims

Bemaj submitted 3 of 205 (1.5 percent) pharmacy claims, which consisted of three opioid encounters, that were not supported by an original prescription. Specifically, (a) two pharmacy claims were missing the original prescription and pharmacy dispensing label and (b) one of the pharmacy claims was also missing confirmation of medication delivery. For these three claims, Bemaj was overpaid \$36.48.

Pharmacies dispensing prescriptions to Texas Medicaid members must maintain all necessary supporting documentation.¹⁸ Bemaj asserted that it could not retrieve the original prescription information for these three prescriptions due to a system error that would not allow retrieval of electronically submitted prescriptions.

When a pharmacy submits a claim without retaining all necessary documentation to support the claim, the pharmacy cannot demonstrate that (a) the claim was supported by a valid prescription, (b) the prescription was filled and dispensed accurately, or (c) the member received the medication.

Recommendation 2

Bemaj should:

- Retain all necessary documentation to support (a) it dispensed and filled each prescription accurately and (b) medication delivery was confirmed.
- Repay \$36.48 to the state of Texas for the three prescriptions that were not supported by an original prescription.

¹⁸ Texas Medicaid Provider Procedures Manual, Vol. 1, §§ 1.6.3 (Sept. 2017 through Feb. 2020) and 1.7.3 (Mar. 2020 through Aug. 2022).

Management Response

Action Plan

Bemaj Pharmacy will:

- Document all prescriptions dispensed and retain record of prescriptions filled.
- Document all deliveries of prescription filled.

Responsible Manager

Pharmacist in Charge

Target Implementation Date

Action plans started on August 1, 2023.

Chapter 3: Bemaj Did Not Always Comply with Requirements for Opioid Prescriptions and Schedule II Prescriptions

For 42 of 205 (20.5 percent) pharmacy encounters tested, Bemaj filled 2 invalid opioid prescriptions and 40 invalid Schedule II prescriptions received through fax.^{19,20} For these 42 claims, Bemaj was overpaid \$7,234.46. Generally, pharmacies dispensing controlled-substance prescriptions to Texas Medicaid members must only fill written or electronic prescriptions.^{21,22,23}

Bemaj explained that it received the prescriptions through fax, and using the fax copy, Bemaj filled and dispensed the prescriptions. At the end of each month, the provider mails original written prescriptions to Bemaj or Bemaj retrieves the original written prescriptions directly from the provider. However, Bemaj asserted that it did not always receive the original written prescriptions, sometimes because the provider changed office locations. Additionally, Bemaj asserted some of the prescriptions it received through fax were marked as void.²⁴

When a pharmacy fills faxed or voided opioid or Schedule II prescriptions, the pharmacy receives payment under Texas Medicaid for unallowable prescriptions. Additionally, there is an opportunity for fraud or abuse if the pharmacy accepts faxed or voided opioid or Schedule II prescriptions because the prescription is unauthorized.

¹⁹ Each of the 42 opioid or faxed Schedule II prescriptions contained either a fax number, a void watermark, or both.

²⁰ Based on Bemaj's assertion that some of the prescriptions it received through fax were marked as void, OIG Audit identified faxed Schedule II prescriptions as those with identifiable fax numbers or a void watermark.

²¹ 22 Tex. Admin. Code § 315.3(a) and (c) (June 11, 2017, through June 9, 2021).

²² Tex. Health & Safety Code § 481.074 (Sept. 1, 2017, and Sept. 1, 2019).

²³ Prior to September 1, 2019, Texas Health and Safety Code § 481.074(o) (Sept. 1, 2017) allowed pharmacies to fill faxed prescriptions under Texas Medicaid in limited circumstances; however, those circumstances do not apply to this audit.

²⁴ In the context of this report, "void" means prescriptions that were written on tamper-resistant paper and visibly included the word "VOID," which covered one or more areas of the prescription paper.

Recommendation 3

Bemaj should not:

- Process prescriptions for opioid or Schedule II prescriptions when it receives them through fax.
- Fill prescriptions marked as void.

Additionally, Bemaj should repay \$7,234.46 to the state of Texas for unauthorized prescriptions it submitted as claims for Texas Medicaid reimbursement.

Management Response

Action Plan

Bemaj Pharmacy will:

- No longer accept fax prescription of Schedule II or opioids.
- Not fill prescriptions marked as void.

Responsible Manager

Pharmacist in Charge

Target Implementation Date

Action plans started on August 1, 2023.

Chapter 4: Bemaj Did Not Always Comply with Written Prescription Requirements

Bemaj submitted 79 of 205 (38.5 percent) pharmacy claims with prescription errors. For the 79 encounters tested associated with these claims—which consisted of 6 opioid encounters and 73 faxed Schedule II encounters—Bemaj submitted claims for written prescriptions that were not signed or dated by a pharmacist on the date the prescription was filled. For these 79 claims, Bemaj was overpaid \$11,084.73. Specifically:

- 62 written prescriptions were neither signed nor dated by the dispensing pharmacist.
- 3 written prescriptions were missing either a signature or a date from the dispensing pharmacist.
- 14 written prescriptions did not have consistent signatures and dates across supporting documentation provided to OIG Audit. For example, Bemaj provided two copies of one prescription to OIG Audit. The second copy had a different pharmacist signature and a different date when compared to the first copy.

Pharmacists dispensing controlled-substance prescriptions to Texas Medicaid members are responsible for signing and dating written prescriptions on the fill date.^{25,26} When a pharmacy submits a claim for a written prescription that was not signed and dated by a pharmacist, the pharmacy cannot verify the prescription was filled accurately. As a result, a member may receive a different medication quantity, strength, or dosage than the prescriber intended.

²⁵ 22 Tex. Admin. Code § 315.3(a) (Jun. 11, 2017, through Jun. 9, 2021).

²⁶ Tex. Health & Safety Code §§ 481.075(e) (Sept. 1, 2017, and Sept. 1, 2019) and 481.0755(e) (Sept. 1, 2019).

Recommendation 4

Bemaj should:

- Verify that it submits claims for written prescriptions only when the prescriptions were signed and dated by the dispensing pharmacist on the date the prescription was filled.
- Repay \$11,084.73 to the state of Texas for the 79 controlled-substance pharmacy claims with prescription errors.

Management Response

Action Plan

Bemaj Pharmacy will verify all Schedule II prescriptions and sign and date by the dispensing pharmacist on the date the prescription is filled.

Responsible Manager

Pharmacist in Charge

Target Implementation Date

Action plans started on August 1, 2023.

Appendix A: Objective, Scope, and Criteria

Objective and Scope

The audit objective was to determine whether Bemaj (a) properly billed for selected paid encounters associated with Texas Medicaid members enrolled with Amerigroup and Superior and (b) complied with applicable contractual, state, and federal requirements.

The audit scope covered the period from September 1, 2017, through August 31, 2022.

Criteria

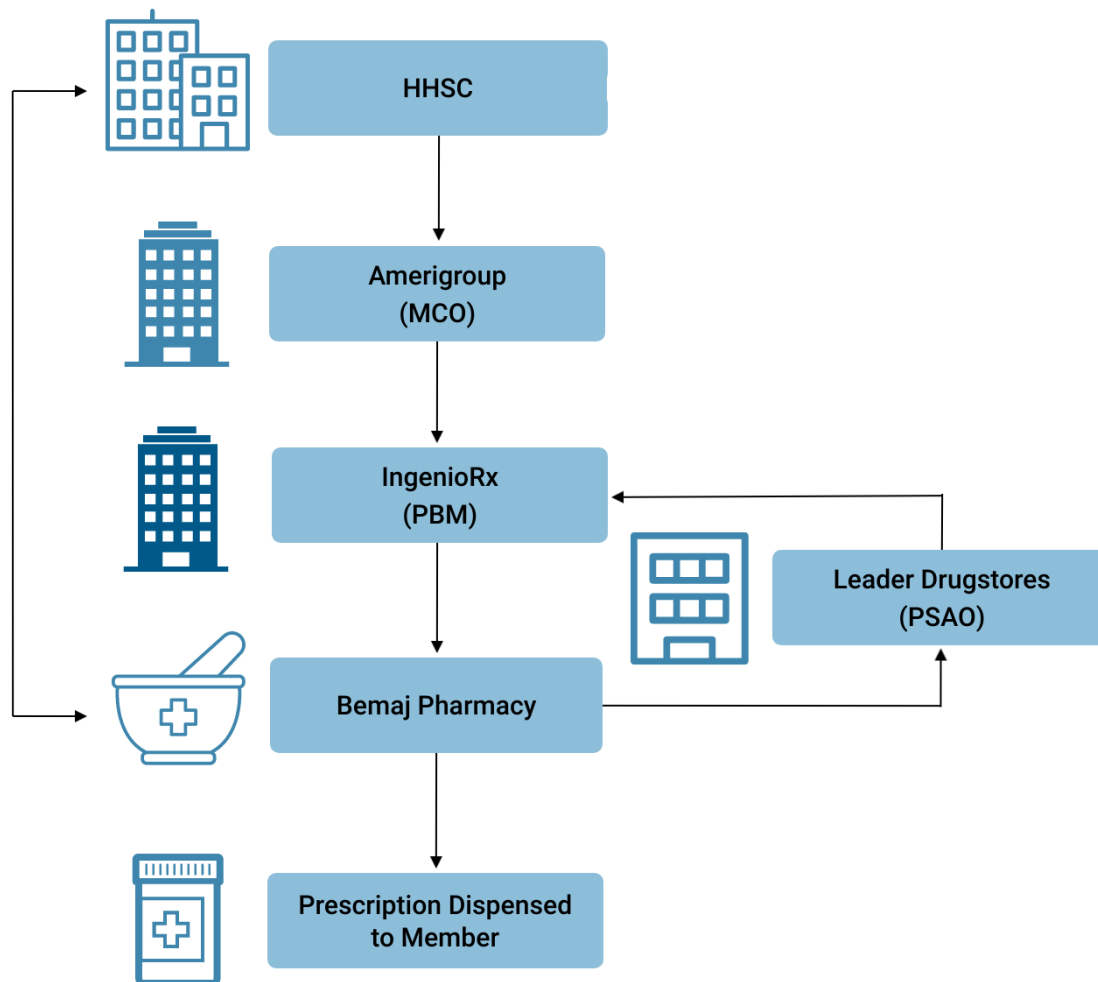
OIG Audit used the following criteria to evaluate the information provided:

- 42 U.S.C. § 1320a–7 (2016 through 2022)
- 1 Tex. Admin. Code §§ 354.1863 (2016 through 2018) and 371.1667 (2016)
- 22 Tex. Admin. Code §§ 291.32 (2015 through 2020), 291.33 (2016 through 2022), 291.34 (2016 through 2022), and 315.3 (2017 through 2021)
- Tex. Health & Safety Code §§ 481.074 (2017 and 2019), 481.075 (2017 and 2019), and 481.0755 (2019)
- Texas Medicaid Provider Procedures Manual, Vol. 1 (2017 through 2022)
- Amerigroup/Express Scripts Network Provider Manual (2017 through 2019)
- Amerigroup/CVS Provider Manual (2019 through 2022)
- Superior/CVS Provider Manual (2017 through 2022)

Appendix B: Pharmacy Benefit Delivery Process

Figure B.1 illustrates the business relationships involved in delivering managed care pharmacy benefits to Amerigroup's Texas Medicaid members whose prescriptions were dispensed by Bemaj and paid by Amerigroup.

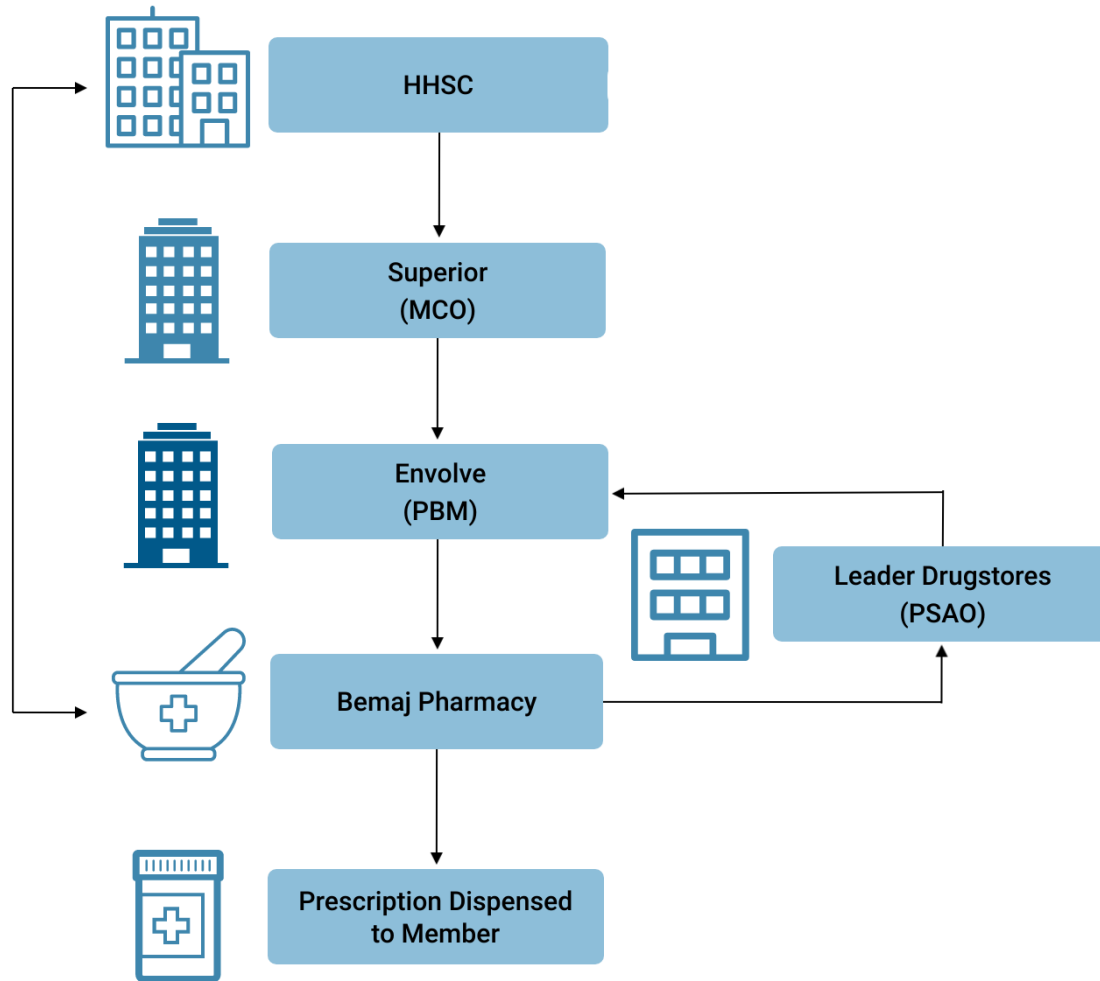
Figure B.1: Pharmacy Benefit Delivery Process Through Bemaj for Texas Medicaid Members Enrolled with Amerigroup as of August 31, 2022



Source: OIG Audit

Figure B.2 illustrates the business relationships involved in delivering managed care pharmacy benefits to Superior's Texas Medicaid members whose prescriptions were dispensed by Bemaj and paid by Superior.

Figure B.2: Pharmacy Benefit Delivery Process Through Bemaj for Texas Medicaid Members Enrolled with Superior as of August 31, 2022



Source: OIG Audit

Appendix C: Detailed Methodology

OIG Audit issued an engagement letter to Bemaj on March 16, 2023, providing information about the upcoming audit, and conducted fieldwork from April 6, 2023, through July 20, 2023.

OIG Audit reviewed Bemaj's system of internal controls, including components of internal control,²⁷ within the context of the audit objectives by:

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

Data Reliability

OIG Audit assessed the reliability of data Bemaj provided by tracing pharmacy encounter data to the Amerigroup and Superior paid encounters and interviewing relevant Bemaj personnel knowledgeable about the systems and data. 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 Bemaj management and staff. OIG Audit reviewed supporting claims documentation for the samples of pharmacy encounters, which included 203 initial fill claims and 2 refill claims, billed to Amerigroup and Superior during the audit scope period.

For this audit, OIG Audit used a population of paid pharmacy encounters with service dates ranging from September 1, 2017, through August 31, 2022.

²⁷ 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 three statistically valid random samples, totaling 180 pharmacy encounters, that were selected using RAT-STATs software from the encounter population for Bemaj. OIG statisticians selected statistically valid random samples of pharmacy encounters to test whether the claims submitted by Bemaj were complete and accurate. These were made up of separate samples for each of the two MCOs. One population only contained 25 items, so the entire population was tested.

This sample design was chosen to ensure that the samples included items with specific characteristics, such as (a) Schedule II controlled substances, which were received via fax by the pharmacy, and (b) opioid drugs as identified by OIG Audit using data analysis.

Amerigroup Opioid

OIG statisticians selected a statistically valid random sample of 60 pharmacy encounters for opioid drugs from the population of Amerigroup opioid drug prescriptions submitted by Bemaj during the audit scope period. OIG Audit selected this sample design based on analysis conducted during the audit.

Amerigroup Faxed Schedule II

OIG statisticians selected a statistically valid random sample of 60 pharmacy encounters for faxed Schedule II drugs from the population of identified Amerigroup faxed Schedule II prescriptions submitted by Bemaj during the audit scope period. OIG Audit selected this sample design based on analysis conducted during the audit.

Superior Opioid

OIG statisticians identified a population of 25 pharmacy encounters for opioid drugs submitted by Bemaj during the audit scope period. OIG Audit tested the entire population.

Superior Faxed Schedule II

OIG statisticians selected a statistically valid random sample of 60 pharmacy encounters for faxed Schedule II drugs from the population of identified Superior faxed Schedule II prescriptions submitted by Bemaj during the audit scope period. OIG Audit selected this sample design based on analysis conducted during the audit.

Sample Testing

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

- Existence of the prescription.
- Required information included on the prescription. Specifically, patient name; medication name, strength, quantity, and dosage directions; issuance date; and prescriber name.
- Medication dispensed as prescribed.
- Prescription number, filled date, and expiration date.
- U. S. Drug Enforcement Administration (DEA) numbers for the controlled-substance prescriptions filled.
- Recipient signature confirming delivery.
- Authorization of refills.
- Accuracy of paid pharmacy encounters.
- Prescribers not excluded from Texas Medicaid.

Appendix D: Audit Issues Index

Tables D.1 through D.4 provide details about the submitted claims and overpayment amounts discussed in the report.

Table D.1: Overpaid Opioid Claims Bemaj Submitted for Amerigroup Members

Sample Number	Prescription Number	Fill Date	Chapter Number(s)	Overpayment Amount
5	██████	██████/2017	2	\$ 18.54
9	██████	██████/2017	2	17.24
14	██████	██████/2018	3	25.29
17	██████	██████/2018	4	21.88
27	██████	██████/2019	3	17.18
29	██████	██████/2019	1	101.98
33	██████	██████/2019	1	94.87
42	██████	██████/2020	4	58.36
45	██████	██████/2020	4	73.50
Total				\$428.84

Source: OIG Audit

Table D.2: Overpaid Faxed Schedule II Claims Bemaj Submitted for Amerigroup Members

Sample Number	Prescription Number	Fill Date	Chapter Number(s)	Overpayment Amount
2	██████	██████/2019	3	\$ 252.78
3	██████	██████/2019	4	409.61
5	██████	██████/2019	4	210.06
6	██████	██████/2019	4	298.55
7	██████	██████/2019	3	300.91
8	██████	██████/2019	3	247.81
9	██████	██████/2019	4	99.02
10	██████	██████/2020	4	109.96
11	██████	██████/2020	4	315.92

Sample Number	Prescription Number	Fill Date	Chapter Number(s)	Overpayment Amount
14		/2020	3, 4	80.55
16		/2020	3	17.30
18		/2020	3	74.31
19		/2020	4	247.81
21		/2020	3, 4	18.33
22		/2020	4	18.33
24		/2020	4	109.72
27		/2020	4	18.33
28		/2020	4	247.81
30		/2021	4	203.99
31		/2021	3, 4	252.06
32		/2021	4	321.88
40		/2020	3, 4	18.33
41		/2020	3, 4	18.33
43		/2020	3, 4	18.33
44		/2020	3	252.06
46		/2021	3, 4	32.91
52		/2022	4	337.96
53		/2022	4	73.41
54		/2022	3	385.40
57		/2022	4	337.96
Total				\$5,329.73

Source: OIG Audit

Table D.3: Overpaid Opioid Claims Bemaj Submitted for Superior Members

Sample Number	Prescription Number	Fill Date	Chapter Number(s)	Overpayment Amount
1		/2020	4	\$ 1.44
4		/2018	4	13.89
13		/2020	2	0.70

Sample Number	Prescription Number	Fill Date	Chapter Number(s)	Overpayment Amount
18		/2018	4	12.73
Total				\$28.76

Source: OIG Audit

Table D.4: Overpaid Faxed Schedule II Claims Bemaj Submitted for Superior Members

Sample Number	Prescription Number	Fill Date	Chapter Number(s)	Overpayment Amount
1		/2017	4	\$ 222.63
2		/2017	4	271.01
3		/2018	4	321.75
4		/2018	4	218.21
5		/2018	3	25.60
6		/2018	4	236.47
7		/2018	3, 4	295.27
8		/2018	3, 4	374.60
9		/2018	4	295.27
10		/2018	3	236.47
11		/2019	3	154.61
12		/2019	3, 4	299.48
13		/2019	4	232.67
14		/2019	4	142.72
15		/2019	4	232.67
16		/2019	4	374.94
17		/2019	4	374.94
18		/2019	3	210.77
19		/2019	4	165.24
20		/2019	3	232.67
21		/2019	1, 4	123.03
22		/2019	4	299.48
23		/2019	4	299.48
24		/2019	3, 4	299.48

Sample Number	Prescription Number	Fill Date	Chapter Number(s)	Overpayment Amount
25		/2019	4	10.23
26		/2019	3	93.28
27		/2019	4	210.77
28		/2019	4	299.48
29		/2019	4	210.77
30		/2019	4	502.96
31		/2020	4	314.43
32		/2020	4	75.95
33		/2020	4	69.41
34		/2020	4	364.58
35		/2020	4	246.61
36		/2020	3	314.43
37		/2020	4	66.32
38		/2020	4	314.43
39		/2020	4	314.43
40		/2020	4	122.23
41		/2020	3	314.43
42		/2020	4	143.95
43		/2020	3, 4	106.89
44		/2020	3, 4	18.88
45		/2020	3, 4	75.84
46		/2020	4	58.61
47		/2020	3, 4	106.89
48		/2020	3, 4	95.29
49		/2020	3, 4	121.47
50		/2020	3, 4	314.43
51		/2020	3, 4	314.43
52		/2020	3, 4	105.26
53		/2021	3	330.12
54		/2021	4	14.40
55		/2021	4	105.26

Sample Number	Prescription Number	Fill Date	Chapter Number(s)	Overpayment Amount
56		/2021	3, 4	330.12
57		/2021	3, 4	332.21
58		/2021	3	14.40
59		/2021	3, 4	105.26
60		/2022	4	410.31
Total				\$12,888.22

Source: OIG Audit

Appendix E: Related Reports

- 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 F: 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 July 13, 2023)

For more information on Amerigroup Texas, Inc.:

Homepage, Amerigroup Texas, <https://www.myamerigroup.com/tx/home.html> (accessed July 13, 2023)

For more information on Superior HealthPlan, Inc.:

Homepage, Superior HealthPlan, <https://www.superiorhealthplan.com/> (accessed July 13, 2023)

Appendix G: 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
- Brad Etnyre, CIA, CGAP, Audit Project Manager
- Aleah Mays-Williams, Senior Auditor
- Stacie Evans, Staff Auditor
- Shantell Jarrett, Staff Auditor
- Danita Villarreal, Associate Auditor
- Kay Allred, Quality Assurance Reviewer
- Ashley Rains, CPE, CFE, Senior Audit Operations Analyst

Report Distribution

Health and Human Services

- 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
- Shannon Kelley, Deputy Executive Commissioner for Managed Care

- Dana L. Collins, Deputy Executive Commissioner for Operations, Medicaid and CHIP Services

Bemaj Pharmacy

- Anthony Obudele, Owner and Pharmacy Manager
- Fatoumata Diallo, Pharmacist in Charge

Amerigroup Texas, Inc.

- Gregory Thompson, Health Plan President-CEO
- Shakia Williams, PBM Compliance Manager, Carelon

Superior HealthPlan, Inc.

- Mark Sanders, Chief Executive Officer
- Teresa Kahan, Director of Compliance

Appendix H: 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:

- Sylvia Hernandez Kauffman, Inspector General
- Kacy J. VerColen, Chief of Audit and Inspections
- Diane Salisbury, Chief of Data Reviews
- Susan Biles, Chief of Staff, Chief of Policy and Performance
- Erik Cary, Chief Counsel
- Matt Chaplin, Chief of Operations
- Steve Johnson, Chief of Investigations and Utilization Reviews

To Obtain Copies of OIG Reports

- OIG website: 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
- Mail: Texas Health and Human Services
Office of Inspector General
P.O. Box 85200
Austin, Texas 78708-5200
- Phone: 512-491-2000