

TEXAS HEALTH AND HUMAN SERVICES COMMISSION  
**OFFICE OF INSPECTOR GENERAL**

**AUDIT OF  
SPECIALTY THERAPEUTIC CARE, L.P.**

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*A Texas Vendor Drug Program Provider*



**May 31, 2018**  
**OIG Report No. AUD-18-019**

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## HHSC OIG

TEXAS HEALTH AND HUMAN  
SERVICES COMMISSION

OFFICE OF  
INSPECTOR GENERAL

May 31, 2018

# AUDIT OF SPECIALTY THERAPEUTIC CARE, L.P.

*A Texas Vendor Drug Program Provider*

## WHY THE OIG CONDUCTED THIS AUDIT

The Texas Vendor Drug Program (VDP) provides statewide access to covered outpatient drugs for individuals enrolled in Medicaid, the Children's Health Insurance Program, the Children with Special Health Care Needs program, the Healthy Texas Women program, and the Kidney Health Care program.

The objectives of this audit were to determine whether Specialty Therapeutic Care (a) properly billed VDP for Medicaid claims submitted and (b) complied with selected contractual and Texas Administrative Code (TAC) requirements.

Specialty Therapeutic Care, a community pharmacy, processed 497 Texas Medicaid claims for prescriptions through VDP during the audit period of March 1, 2012, through February 28, 2015. These claims resulted in the pharmacy receiving reimbursements of more than \$6.7 million from Texas Medicaid.

## WHAT THE OIG RECOMMENDS

Specialty Therapeutic Care should ensure claims contain the correct prescriber identification number. Based on issues identified in this audit, Specialty Therapeutic Care owes the State of Texas \$92,615.08.

## WHAT THE OIG FOUND

Specialty Therapeutic Care did not bill VDP properly, or comply with other selected contractual or TAC requirements, for 6 of 211 claims tested.

The OIG Audit Division tested Specialty Therapeutic Care's compliance with selected contractual and TAC requirements in seven areas: (a) claims validity, represented by claims documentation maintained by the provider, (b) National Drug Code (NDC) usage, (c) quantity, (d) refills, (e) controlled substances, (f) warehouse billing, and (g) acquisition cost. This report details results, issues, and recommendations in those areas, when applicable, and the results of limited testing of information technology (IT) general controls.

Audit results indicated there were no exceptions related to NDC usage, quantity, refills, controlled substances, warehouse billing, or acquisition cost, and IT general controls were sufficiently reliable for the purposes of the audit. There were exceptions related to claims validity.

Auditors identified exceptions for six claims in which Specialty Therapeutic Care billed claims with incorrect prescriber identification numbers.

VDP participating pharmacies are contractually required to maintain documents to support Medicaid claims, and to submit accurate claims. When the prescriber identification number or prescription issuance date differs from the prescriber identification number or prescription issuance date on the prescription, the claims are subject to recoupment.

The OIG Audit Division presented the audit results, issues, and recommendations to Specialty Therapeutic Care in a draft report on February 23, 2018. Specialty Therapeutic Care's management response is included in the report following the recommendation.

For more information, contact:

[OIG.AuditDivision@hhsc.state.tx.us](mailto:OIG.AuditDivision@hhsc.state.tx.us)

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## INTRODUCTION

The Texas Health and Human Services Commission (HHSC) Office of Inspector General (OIG) Audit Division has completed an audit of Specialty Therapeutic Care, L.P. (Specialty Therapeutic Care), a Texas Vendor Drug Program (VDP) provider, vendor number 145551.

### Objective and Scope

The objectives of this audit were to determine whether Specialty Therapeutic Care (a) properly billed VDP for Medicaid claims submitted and (b) complied with selected contractual and Texas Administrative Code (TAC) requirements.

The audit scope included initial fill claims for the period from March 1, 2012, through February 28, 2015, and a review of relevant activities, internal controls, and IT general controls through the end of fieldwork in August 2017.

### Background

VDP provides statewide access to covered outpatient drugs for individuals enrolled in Medicaid, the Children's Health Insurance Program (CHIP), the Children with Special Health Care Needs program, the Healthy Texas Women program, and the Kidney Health Care program.

Specialty Therapeutic Care, a community pharmacy in Houston, Texas, operates under license number 24102 from the Texas State Board of Pharmacy (Pharmacy Board). Specialty Therapeutic Care processed 497 Medicaid claims for prescriptions through VDP during the audit period, for which it received reimbursements of more than \$6.7 million.

The OIG Audit Division conducted the audit in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Unless otherwise described, any year that is referenced is the state fiscal year, which covers the period from September 1 through August 31.

The OIG Audit Division presented the audit results, issues, and recommendations to Specialty Therapeutic Care in a draft report on February 23, 2018. Specialty Therapeutic Care's management response is included in the report following the recommendation.

## AUDIT RESULTS

VDP pharmacy providers must follow TAC and contract provisions when filling, dispensing, and billing for prescriptions. Pharmacy Board and VDP rules require prescriptions to include specific elements to be valid. The OIG Audit Division tested Specialty Therapeutic Care's compliance in seven areas: (a) claims validity, represented by claims documentation maintained by the provider, (b) National Drug Code (NDC) usage, (c) quantity, (d) refills, (e) controlled substances, (f) warehouse billing, and (g) acquisition cost. This report details results, issues, and recommendations in those areas, when applicable, and the results of limited testing of IT general controls, performed to determine whether data used to form audit conclusions was reliable.

The OIG Audit Division obtained claims data for testing from the Xerox Pharmacy Claims Data Warehouse using the Texas VDP PBM Universe table, which contains all pharmacy claims information. The data request was for Medicaid fee-for-service only paid claims for the audit period. Given the number of claims submitted by Specialty Therapeutic Care, the OIG Audit Division determined it would be administratively infeasible to review every claim in the population, and therefore limited testing to the 211 initial fill claims in the population. The OIG Audit Division visited the pharmacy to review the records during July and August 2017.

The testing resulted in no findings related to NDC usage, quantity, refills, controlled substances, warehouse billing, or acquisition cost, and there were no findings related to IT general controls. There were exceptions related to claims validity.

### CLAIMS VALIDITY

VDP participating pharmacies are contractually required to maintain documents to support Medicaid claims.<sup>1</sup> Claims validity is demonstrated by documentation maintained by the pharmacy. In consideration for payment under the VDP contract, participating pharmacies must comply with all applicable laws, rules, and regulations, including Pharmacy Board rules and regulations in effect at the time the prescription is serviced.<sup>2</sup> According to Pharmacy Board rules, a prescription or a physician order must contain several elements in order to be valid, including (a) name of the patient, (b) address of the patient, (c) name, address and telephone number of the practitioner at the practitioner's usual place of business, (d) name and strength of the drug prescribed, (e) quantity prescribed, (f) intended use for the

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<sup>1</sup> Vendor Drug Program Pharmacy Provider Contract #529-05-0063-00390, Part 2 (H)(1) (June 24, 2005).

<sup>2</sup> Texas State Board of Pharmacy rules are published in 22 Tex. Admin. Code, Part 15.

drug unless the practitioner determines the furnishing of this information is not in the best interest of the patient, and (g) date of issuance.<sup>3</sup> If the pharmacy (a) does not maintain or cannot produce documents to support the dispensing of the medication, or (b) if any of the required elements are not documented on the face of the prescription or physician order, then the related claim is invalid and not eligible for reimbursement by VDP.

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### **Finding 1: Medication Was Billed Using the Incorrect Prescriber Identification Numbers**

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Specialty Therapeutic Care dispensed and billed VDP for six prescriptions with a prescriber number that was not associated with the prescriber name indicated on the prescription. VDP was billed and paid \$92,615.08 for these claims. This occurred because Specialty Therapeutic Care used an electronic patient profile that included the identification number of the patient's prescribing physician at the time the profile was set up. The profile populated fields within the billing system automatically with the information in the profile, but for these six prescriptions, the physician who prescribed the medication was different than the physician in the profile.

The pharmacist should review the information generated from the electronic patient profile, including the prescriber number, to verify that the information is still accurate before each claim is submitted. For these six claims, the verification did not take place. TAC states that vendors must enter the identification number of the prescriber on each claim.<sup>4</sup>

### **Recommendation 1**

Specialty Therapeutic Care should ensure that all claims submitted for reimbursement by VDP contain the physician identification number of the prescribing physician.

Since Specialty Therapeutic Care failed to submit claims data containing accurate information, the \$92,615.08 VDP paid for the claims should be refunded to the State of Texas.

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<sup>3</sup> 22 Tex. Admin. Code § 291.34(b)(6)(A) (Nov. 24, 2011, through June 7, 2012) and 22 Tex. Admin. Code § 291.34(b)(7)(A) (Sept. 8, 2013, through June 11, 2016).

<sup>4</sup> 1 Tex. Admin. Code § 354.1835 (Sept. 1, 2001).

## **Management Response**

Rx# [REDACTED], RX# [REDACTED], and Rx:# [REDACTED] were found discrepant as they were billed under Dr. [REDACTED], but prescriptions were signed by Dr. [REDACTED]: [The individuals receiving the prescriptions] were seeing both Dr. [REDACTED] and Dr. [REDACTED], who practice in the same office, intermittently since 2011. During this time, we received and filled orders from both physicians. The above mentioned prescription copies had the header and credentialing information for Dr. [REDACTED], however it was signed by her colleague Dr. [REDACTED]. When our employees saw Dr. [REDACTED]'s credentials, they entered the RX in the system as though it was from Dr. [REDACTED], and overlooked that Dr. [REDACTED] had been the one to sign it. Since both physicians had been treating him during this time, we reached out to their office, explained the situation, and asked if Dr. [REDACTED] would be willing to authorize the prescription that was billed to TXVDP. Dr. [REDACTED] reviewed the original prescription and signed the attestation authorizing the prescription and associated fills. We have attached the original prescription copy and attestation for your review. We understand this claim should have been billed under the physician who signs the prescription, but ask that you please review attached, and overturn the findings.

Rx# [REDACTED] was found discrepant as it was billed under Dr. [REDACTED], but prescription was signed by [REDACTED], RN CPNP. [The individual] was seeing both Dr. [REDACTED] and [REDACTED], CPNP, who practice in the same office, intemittently since 2011. During this time, we received and filled orders from both providers. The above mentioned prescription copy had the header and credentialing information for Dr. [REDACTED], however it was signed by her colleague [REDACTED]. When our employees saw Dr. [REDACTED]'s credentials, they entered the RX in the system as though it was from Dr. [REDACTED], and overlooked that [REDACTED] had been the one to sign it. Since both providers had been treating him during this time, we reached out to their office, explained the situation, and asked if Dr. [REDACTED] would be willing to authorize the prescription that was billed to TXVDP. Dr. [REDACTED] reviewed the original prescription and signed the attestation authorizing the prescription and associated fills. We have attached the original prescription copy and attestation for your review. We understand this claim should have been billed under the provider who signs the prescription, but ask that you please review attached, and overturn the findings.

Rx# [REDACTED] was found discrepant as it was billed under Dr. [REDACTED], but prescription was signed by Dr. [REDACTED].

[The individual] was seeing Dr. [REDACTED] and Dr. [REDACTED] intermittently since 2011, in different offices. In our software system, both doctors were loaded on patient's profile due to fill history. When this prescription came in and was loaded to patient's profile, our users selected the wrong provider in error. Since both physicians had been treating him during this time, we reached out to their office, explained the situation, and asked if Dr. [REDACTED] would be willing to authorize the prescription that was billed to TXVDP. Dr. [REDACTED] was provided with the original prescription and attestation for this review which would have authorized the prescription and associated fills. Dr. [REDACTED] has been out of the office and was expected back today. Unfortunately, we have not received the attestation from Dr. [REDACTED]. We ask for an extension until April 6 so that we may obtain the necessary documents from Dr. [REDACTED] and submit for your consideration.

Rx # [REDACTED] was found discrepant as it was billed under Dr. [REDACTED], but prescription was signed by Dr. [REDACTED].

[The individual] was seeing Dr. [REDACTED] and Dr. [REDACTED] intermittently since 2013. In our software system, both doctors were loaded on patient's profile due to fill history. When this prescription came in and was loaded to patient's profile, our users selected the wrong provider in error. Since both physicians had been treating him during this time, we reached out to their office, explained the situation, and asked if Dr. [REDACTED] would be willing to authorize the prescription that was billed to TXVDP. Dr. [REDACTED] was provided with the original prescription and attestation for this review which would have authorized the prescription and associated fills. Dr. [REDACTED] office manager has been provided with the information and the signed forms were expected back today. Unfortunately, we have not received the attestation from Dr. [REDACTED]. We ask for an extension until April 6 so that we may obtain the necessary documents from Dr. [REDACTED] and submit for your consideration.

### Action Plan

In 2015, our pharmacist order verification and Pre QA policies and procedures were updated to specifically address the review and validate who signed the prescription. When this was updated, the entire staff received retraining. Enclosed you will find copies of the P&P for your review. Director of Operations has initiated retraining for all Pre-QA, PV1, and PV2 employees.

Director of PV1 team performs random audits on Pre-QA and PV1 staff to ensure policies are being followed, and provides them with quarterly report cards evaluating their performance.



*Audits on TX OIG claims have been increased to ensure claim information is accurate and matches the information on the prescription.*

Responsible Manager

*Director, PVI Team*

Implementation Date

2015

**Auditor Comment**

The OIG Audit Division reviewed the documentation supplied by Specialty Therapeutic and determined the documentation to be insufficient to remove the finding.

Since Specialty Therapeutic Care failed to submit claims data containing accurate information, the \$92,615.08 VDP paid for the claims should be refunded to the State of Texas.

## CONCLUSION

The OIG Audit Division completed an audit of Specialty Therapeutic Care. The audit evaluated Specialty Therapeutic Care to determine whether it properly billed VDP and complied with selected contractual and TAC requirements. The OIG Audit Division evaluated IT general controls to determine whether data used for audit testing was reliable. The OIG Audit Division conducted site visits in July and August 2017.

Specialty Therapeutic Care did not bill VDP properly, or comply with other selected contractual or TAC requirements, for 6 of 211 claims, resulting in \$92,615.08 reimbursed in error. Based on the results of the IT general controls testing, the data was sufficiently reliable for the purposes of the audit.

There were exceptions in which Specialty Therapeutic Care billed claims with incorrect prescriber identification numbers.

The OIG Audit Division offered recommendations to Specialty Therapeutic Care which, if implemented, will correct deficiencies in compliance with selected contractual and TAC requirements.

The OIG Audit Division thanks management and staff at Specialty Therapeutic Care, including its corporate management team, for their cooperation and assistance during this audit.

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## Appendix A: Objective, Scope, and Methodology

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### Objective

The objectives of this audit were to determine whether Specialty Therapeutic Care (a) properly billed VDP for Medicaid claims submitted and (b) complied with selected contractual and TAC requirements

### Scope

The audit scope included initial fill claims for the period from March 1, 2012, through February 28, 2015, and a review of relevant activities, internal controls, and IT general controls through the end of fieldwork in August 2017.

### Methodology

To accomplish the audit objectives, the OIG Audit Division collected information for this audit through discussions and interviews with Specialty Therapeutic Care management and staff and by reviewing:

- Supporting documentation for the initial claims billed to VDP during the audit scope
- Policies and procedures of Specialty Therapeutic Care
- Specialty Therapeutic Care IT general controls

The OIG Audit Division issued an engagement letter on July 14, 2017, to Specialty Therapeutic Care providing information about the upcoming audit, and conducted fieldwork at the Houston, Texas, facility the week of July 17, 2017. While on site, the OIG Audit Division interviewed responsible personnel, evaluated internal controls and the facility, and reviewed relevant documents related to sampled claims billed to VDP.

Auditors did not remove original records from the Specialty Therapeutic Care premises. During fieldwork, auditors requested additional documents, which Specialty Therapeutic Care provided.

## Criteria

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

- 1 Tex. Admin. Code §354 (2012 through 2015)
- 22 Tex. Admin. Code §291 (2012 through 2015)
- Vendor Drug Program Pharmacy Provider Contract #529-05-0063-01444 (June 2005)

## Auditing Standards

### GAGAS

The OIG Audit Division conducted this audit in accordance with 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 obtain sufficient, appropriate evidence to provide a reasonable basis for the issues and conclusions based on our audit objectives. The OIG Audit Division believes the evidence obtained provides a reasonable basis for our issues and conclusions based on our audit objectives.

### ISACA

The OIG Audit Division performs work in accordance with the IT Standards, Guidelines, and Tools and Techniques for Audit and Assurance and Control Professionals published by ISACA.

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## Appendix B: Sampling Methodology

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The OIG Data and Technology Division provided data for testing. The OIG Audit Division tested all 211 initial fill claims in the population. The following query parameters are provided for replication purposes.

A line item detailed query was run in the Xerox Pharmacy Claims Data Warehouse using the Texas VDP PBM Universe table. The data included only fee-for-service initial fill paid claims for the audit scope.

Query Result Objects field names included:

Prescription Number	Last Name (client)
First Name (client)	Participant ID
Drug Name	Drug Strength
Quantity	Days Supply
Nbr of Refills Authorized	Refill Number
Date of Service	Date Prescribed
Date Paid	Total Reimbursed Amount
DAW Code	NDC
Drug Class Code	Client Mailing Address Line 1
Birth Date (client)	Compound Code
DEA Code	Basis of Cost Determination
Basis of Reimbursement	Basis of Reimbursement Descr.
Prescriber ID	NPI (prescriber)
Prescriber Name	Batch Doc. Type Code
Group ID (client)	Tx Status Code

Query Filters Included:

- Date of Service (between 03/01/2012 and 02/28/2015)
- TX Status Code (equal to PD)
- Batch Doc. Type Code (equal to C)
- Group ID (equal to V)
- Pharmacy ID (equal to 1962406850)

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## Appendix C: Prescriptions Paid in Error

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The table below provides details about the claims filed and paid in error for the following finding discussed in the report.

### Finding 1. Claims Were Submitted With Incorrect Prescriber Numbers

Prescription Number	Fill Date	Finding Number	Claim Amount
	7/18/2012	1	\$ 13,052.00
	9/17/2012	1	13,052.00
	9/17/2012	1	13,052.00
	5/20/2013	1	183.85
	11/22/2013	1	43,675.52
	1/20/2014	1	9,599.71
<b>Total</b>			<b>\$92,615.08</b>

Source: *OIG Audit Division*

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## Appendix D: Report Team and Distribution

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### Report Team

The OIG staff members who contributed to this audit report include:

- Kacy J. VerColen, CPA, Audit Director
- Kanette Blomberg, CPA, CIGA, Audit Manager
- Jerry Ethridge, MBA, CIA, CGAP, CRMA, Audit Project Manager
- Melissa Stice Larson, CIA, CISA, CFE, HCISPP, IT Audit Manager
- Amy Behrens, MBA, CIA, CIPP, IT Audit Project Manager
- Jesus Vega, CIGA, Staff Auditor
- Ben Ringer, Staff Auditor
- Mo Brantley, Senior Audit Operations Analyst

### OIG Support

- Rolando Delgado, Data Intelligence Analyst
- Katie Reyes, Data Intelligence Analyst

### Report Distribution

#### Health and Human Services

- Charles Smith, Executive Commissioner
- Cecile Erwin Young, Deputy Executive Commissioner
- Kara Crawford, Chief of Staff
- Victoria Ford, Chief Policy Officer
- Karen Ray, Chief Counsel
- Karin Hill, Director of Internal Audit
- Enrique Marquez, Deputy Executive Commissioner, Medical Social Services Division
- Stephanie Muth, State Medicaid Director, Medicaid and CHIP Services

- Katherine Scheib, Deputy Associate Commissioner, Medicaid and CHIP Services
- Gina Marie Muniz, Director, Vendor Drug Program, Medicaid and CHIP Services
- Priscilla Parrilla, Director, Pharmacy Operations and Contract Oversight, Vendor Drug Program
- Robin Agnew, Manager, Vendor Drug Program, Medicaid and CHIP Services
- Kimberly Royal, Manager, Contract Compliance and Performance Management, Medicaid and CHIP Services
- Lisa Cruz Hidrogo, Special Projects Manager, Medicaid and CHIP Services

Specialty Therapeutic Care, L.P.

- Allison Mercadel, Pharmacist-in-Charge
- Ligimar Morales, Director of Claims, Audits, and Contract Services



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## Appendix E: OIG Mission and Contact Information

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The mission of the 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
- Anita D'Souza, Chief of Staff and Chief Counsel
- Olga Rodriguez, Chief Strategy Officer
- Christine Maldonado, Chief of Operations and Workforce Leadership
- Roland Luna, Deputy IG for Investigations
- Brian Klozik, Deputy IG for Medicaid Program Integrity
- Lizet Hinojosa, Deputy IG for General Investigations
- David Griffith, Deputy IG for Audit
- Quinton Arnold, Deputy IG for Inspections
- Alan Scantlen, Deputy IG for Data and Technology
- Judy Hoffman-Knobloch, Assistant Deputy IG for Medical Services

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- Phone: 1-800-436-6184

### To Contact the OIG

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