



*To the Texas Health and Human Services Commission Office of the Inspector General  
Austin, Texas*

Myers and Stauffer LC (Myers and Stauffer) has completed the performance audit of 15Rx Pharmacy #3 to determine whether 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. 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 #HHS000721400016, Purchase Order #HHSTX-3-0000306334 with HHSC. Our audit covered the period of March 1, 2018, through February 28, 2022.

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 15Rx Pharmacy #3 are included in this report.

The purpose of this performance audit report is to clearly communicate the results of the audit to those charged with governance, 15RX Pharmacy #3 management, and the appropriate oversight officials.

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  
July 31, 2023

The background features a blurred image of a person in a white lab coat, possibly a pharmacist or healthcare worker, with their hands near a patient. A large, semi-transparent green cross is centered over the image. The right side of the page is a dark grey diagonal gradient. Various medical icons are overlaid in a light green color, including a syringe, a pill, a stethoscope, a microscope, a group of people, and a virus particle. A network of light green lines connects these icons across the page.

# Final (Audit) Report

15RX Pharmacy #3  
NPI 1548652258

Report Date  
July 31, 2023



**MYERS AND  
STAUFFER** LC  
CERTIFIED PUBLIC ACCOUNTANTS



## Background and Criteria

The Texas Health and Human Services Commission Office of the Inspector General (HHSC-OIG) contracted Myers and Stauffer LC (Myers and Stauffer) to conduct audits of Medicaid claims billed by providers and paid by the state Medicaid program. In coordination with the Texas HHSC-OIG, Myers and Stauffer was engaged to perform a claims audit of 15RX Pharmacy #3 (Provider). The audit focused on managed care organization (MCO) encounter pharmacy claims having dates of service during the period of March 1, 2018, through February 28, 2022.

The 15RX Pharmacy chain is a family owned, multiple location, pharmacy business that was established in 2010. The Provider is a closed-door pharmacy, meaning they are not open to the general public as they only serve patients who reside in a long-term care facility. The Provider indicates strong relationships with healthcare providers including physicians, caseworkers, and nurses allows them to provide the appropriate care. Services provided include immunizations, free delivery, durable medical equipment, online refills, bedside delivery and counseling, and medication therapy management.

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. The 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; Uniform Managed Care Manual; Texas State Board of Pharmacy (TSBP), 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 to be tested were agreed to by the HHSC-OIG in the approved audit test plan.

## Sampling Overview

For the period of January 1, 2018, through December 31, 2021, the HHSC-OIG identified \$13,708,915 at risk of \$14,742,632 total pharmacy reimbursements for the Provider. The HHSC-OIG subsequently provided encounter data for the period of September 1, 2019, through February 28, 2022, to Myers and Stauffer for review. The claims data was further analyzed and, due to claims volume and contracting guidelines, the HHSC-OIG excluded all fee-for-service and MCO health plan claims from the final set of claims data provided for audit, with the exception of Amerigroup, Molina Healthcare, and Superior



HealthPlan, covering the period of March 1, 2018, through February 28, 2022, during which the Provider was reimbursed \$15,763,626.

Through additional analysis of the MCO encounter data, two claims universes were created, Amerigroup HealthPlan and Molina, comprised of the following antipsychotic medications:

- Abilify.
- Abilify Maintena ER.
- Aripiprazole.
- Aristada ER.
- Aristada Initio ER.
- Clozapine.
- Haloperidol.
- Haloperidol Dec.
- Haloperidol Decan.
- Invega ER.
- Invega Sustenna.
- Invega Trinza.
- Olanzapine.
- Olanzapine Odt.
- Paliperidone ER.
- Perseris ER.
- Quetiapine ER.
- Quetiapine Fumarate.
- Risperdal Consta.
- Risperidone.

Furthermore, an additional universe was created for Superior HealthPlan. This universe is comprised of the following antipsychotic medications:

- Abilify Maintena ER.
- Aristada ER.
- Aristada Initio ER.
- Invega ER.
- Invega Sustenna.
- Invega Trinza.

Statistically valid random samples were selected from the claims universes described above. Additional information for the respective claim universes is as follows:

- **Amerigroup Antipsychotic Medications:** The claims universe consists of services provided during the period of March 1, 2018, through February 28, 2022. It includes 1,352 claims for 164 unique recipients for which the Provider was reimbursed \$2,922,444. The sample includes 71 claims for 54 unique recipients for which the Provider was reimbursed \$163,728.
- **Molina Healthcare Antipsychotic Medications:** The claims universe consists of services provided during the period of March 1, 2018, through February 28, 2022. It includes 799 claims for 86 unique recipients for which the Provider was reimbursed \$1,506,018. The sample includes 72 claims for 40 unique recipients for which the Provider was reimbursed \$157,045.
- **Superior HealthPlan Antipsychotic Medications:** The claims universe consists of services provided during the period of January 1, 2019, through February 28, 2022. It includes 3,205 claims for 382 unique recipients for which the provider was reimbursed \$9,204,005. The sample includes 90 claims for 64 unique recipients for which the Provider was reimbursed \$288,021.

## Audit Process

### Scope

The scope of this audit includes the review of Medicaid MCO encounter pharmacy claims only, due to contracting guidelines, with dates of service during the period of March 1, 2018, through February 28, 2022.



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

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

In gaining an understanding of internal controls, Myers and Stauffer limited 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 Generally Accepted Government Auditing Standards (GAGAS) and applicable TAC rules, including 1 TAC §371.1719 and §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 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 TSBP rules concerning records to be maintained by a pharmacy.
  - Verify original prescription was signed.



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- 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 that indicated that 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 refill prescriptions met all requirements by obtaining and reviewing the original prescriptions as well as pharmacy records of refills.
    - Verify pharmacist dated the prescription and initialed the refills.
    - Verify total amount of prescriptions authorized (up to 11 refills) were dispensed within one year of the original prescription by obtaining and reviewing records of refills dispensed and their corresponding original signed prescription.
    - Verify refills were dispensed as authorized by the prescriber by obtaining and reviewing the original signed prescription, record of refill, and other pharmacy records as needed.
  - 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 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 the 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.

Inquiries, observations, inspection of documents and records, review of other audit reports, and/or direct tests were performed to assess the design, implementation, and 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 findings and conclusions based on the audit objective. 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 from this report with respect to the Provider's overall level of performance.

## Findings

Myers and Stauffer identified findings on five of 233 pharmacy claims. The table below provides a summary of the findings that have been identified in the audit for all combined claims universes. The findings for each individual claims universe are listed in detail in Appendix A. The list of findings and supporting policies follows in the table below:

List of Findings and Supporting Policies				
Finding No.	Finding Type	Finding Definition	Number of Claims with Finding	Supporting Policy
1	Delivery Not Confirmed	Delivery to or pick-up by recipient was not confirmed.	1	22 TAC §291.31(1) 22 TAC §291.32(c)(1)(F)



List of Findings and Supporting Policies				
Finding No.	Finding Type	Finding Definition	Number of Claims with Finding	Supporting Policy
2	Incorrect Directions for Use	The directions for use printed on the prescription label do not match the directions for use written on the original prescription order by the prescriber.	1	22 TAC §291.31(1) 22 TAC §291.32(c)(1)(F)
3	Quantity Dispensed Less Than Prescribed	The quantity dispensed is less than the quantity prescribed without documentation of physician approval.	3	22 TAC §291.31(1) 22 TAC §291.32(c)(1)(F) 1 TAC §354.1901(b) 22 TAC §291.34(b)(1)(A) 22 TAC §291.34(l) CVS Caremark Provider Manual 2020

As demonstrated by the results of this audit, the Provider’s overall internal control system appears to be functioning well. However, to address the findings included in the table above, the Provider should continue to place additional emphasis on ensuring that the controls in place are designed to adequately review, document, and retain records to support that the billed services were provided in accordance with required regulations on a consistent basis.

### Management’s Response

A draft copy of this report was sent to the Provider on June 28, 2023. An exit conference was held on July 5, 2023, to discuss the preliminary findings. During the exit conference, the Provider stated they intended to submit additional documentation; however, on July 14, 2023, the Provider submitted a written response to Myers and Stauffer via email stating they were no longer planning to submit documentation and accepted the results of the audit.

### Revised Findings

After further discussions with the applicable MCOs, pharmacy benefit managers, and the HHSC-OIG, the findings were revised resulting in the number of questioned pharmacy claims decreasing from the nine identified in the Draft Audit Report to five questioned pharmacy claims. Findings were revised as follows:

- Upon additional discussions with Molina Healthcare, the one finding for incorrect prescriber was rescinded.





- Upon additional discussions with Superior Healthplan regarding their monthly pharmacy dispensing limitations, findings for quantity dispensed less than prescribed were rescinded for two claims where the quantities dispensed were less than prescribed due to plan limitations. In addition, the finding for unauthorized refill was also removed from one of the aforementioned claims since the additional refill was also the result of the monthly dispensing plan limitation.
- Upon additional review of documentation submitted by the Provider during the audit process, one additional finding for an unauthorized refill was rescinded as the documentation supported that refills were authorized on the claim in question.

### Final Determination of Overpayment

The Medicaid paid claims with identified findings are listed in detail in Appendix A of this report. The corresponding overpayment amount in Appendix A is only applicable to the sampled claims Myers and Stauffer reviewed during the audit. The overpayment calculated from our sample is \$5,055.00. The samples were not confirmed to be representative of their universes; therefore, it would not be appropriate to project the test results to the universes.

The total amount due to the HHSC-OIG is \$5,055.00 for the claims reviewed. Based on the findings cited in this Final Audit Report, the Provider is directed to:

- Remit the overpayment in the amount of \$5,055.00, pursuant to 1 TAC §371.1719, Recoupment of Overpayments Identified by Audit, 1 TAC §354.1891, Vendor Drug Providers Subject to Audit, and §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

**15RX Pharmacy #3**  
**Project Number 020**  
**NPI 1548652258**

Original Claims Information														Audit Determination																	
Sample Line Number	Claims Universe	State Issued Medicaid ID	Member Full Name	Claim Number	Prescription Number	Prescribing Provider NPI	Prescribing Provider Name	Drug Name	National Drug Code	No. of Refills Authorized	Refill Number	Date of Service	Date Prescribed	Quantity Dispensed	Days Supply	Dispensing Fee	Total Reimbursed Amount	Finding Type	Supporting Policy Reference	Recoupment Type	Quantity Prescribed (if applicable)	Corrected Claim Payment	Overpayment Amount								
122	Amerigroup							HALOPERIDOL 5 MG TABLET	68382007901	0	0			36.00	18	\$0.30	\$24.06	QUANTITY DISPENSED LESS THAN PRESCRIBED	A, B, C, D, E	1	60	\$23.76	\$0.30								
224	Superior							INVEGA SUSTENNA 234 MG/1.5	50458056401	4	1			1.50	30	\$0.00	\$2,583.38	DELIVERY NOT CONFIRMED	A, B	2	N/A	\$0.00	\$2,583.38								
225	Amerigroup							INVEGA SUSTENNA 234 MG/1.5	50458056401	3	1			1.50	30	\$0.35	\$2,471.02	INCORRECT DIRECTIONS FOR USE	A, B	2	N/A	\$0.00	\$2,471.02								
231	Amerigroup							INVEGA SUSTENNA 234 MG/1.5	50458056401	5	0			1.50	28	\$0.15	\$2,822.56	QUANTITY DISPENSED LESS THAN PRESCRIBED	A, B, C, D, E, F	1	30	\$2,822.41	\$0.15								
232	Amerigroup							INVEGA SUSTENNA 234 MG/1.5	50458056401	5	1			1.50	28	\$0.15	\$2,822.56	QUANTITY DISPENSED LESS THAN PRESCRIBED	A, B, C, D, E, F	1	30	\$2,822.41	\$0.15								
<b>Amerigroup</b>																		<b>\$0.95</b>	<b>\$8,140.20</b>									<b>\$5,668.58</b>	<b>\$2,471.62</b>		
<b>Molina</b>																		<b>\$0.00</b>	<b>\$0.00</b>											<b>\$0.00</b>	<b>\$0.00</b>
<b>Superior</b>																		<b>\$0.00</b>	<b>\$2,583.38</b>											<b>\$0.00</b>	<b>\$2,583.38</b>
<b>Totals</b>																		<b>\$0.95</b>	<b>\$10,723.58</b>									<b>\$5,668.58</b>	<b>\$5,055.00</b>		



Legends

Finding Type	Supporting Policy Reference(s)	Recoupment Type	Definition
DELIVERY NOT CONFIRMED	A, B	2	Delivery to or pick-up by recipient was not confirmed.
INCORRECT DIRECTIONS FOR USE	A, B	2	The directions for use printed on the prescription label do not match the directions for use written on the original prescription order by the prescriber.
QUANTITY DISPENSED LESS THAN PRESCRIBED	A, B, C, D, E, F	1	The quantity dispensed is less than the quantity prescribed without documentation of physician approval.

Recoupment Type	Recoupment Definition
1	Dispensing Fee
2	Full Recoupment

Policy Reference	Supporting Policy	Policy
A	22 TAC §291.31(1)	(1) Accurately as prescribed--Dispensing, delivering, and/or distributing a prescription drug order: (A) to the correct patient (or agent of the patient)for whom the drug or device was prescribed; (B) with the correct drug in the correct strength, quantity, and dosage form ordered by the practitioner; and (C) with correct labeling (including directions for use) as ordered by the practitioner. Provided, however, that nothing herein shall prohibit pharmacist substitution if substitution is conducted in strict accordance with applicable laws and rules, including Chapter562 of the Texas Pharmacy Act.
B	22 TAC §291.32(c)(1)(F)	(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	1 TAC §354.1901(b)	(b) Providers must dispense the quantity prescribed or ordered by the prescriber except as limited by the policies and procedures described in the Commission's pharmacy provider procedure manual, or as allowed by §354.1868 of this subchapter (relating to Exceptions in Disasters). Where the actual quantity dispensed deviates from the prescribed quantity, the provider must bill for the amount actually dispensed. The quantity of drugs must be entered in the metric decimal quantity field. The quantity shown as the metric decimal quantity unit must be calculated after referencing the pricing unit shown in the Texas Drug Code Index.
D	22 TAC §291.34(b)(1)(A)	(A) Pharmacists shall exercise sound professional judgment with respect to the accuracy and authenticity of any prescription drug order they dispense. If the pharmacist questions the accuracy or authenticity of a prescription drug order, he/she shall verify the order with the practitioner prior to dispensing.
E	22 TAC §291.34(l)	(l) Documentation of consultation. When a pharmacist, pharmacist-intern, or pharmacy technician consults a prescriber as described in this section, the individual shall document such occurrences on the hard copy or in the pharmacy's data processing system associated with the prescription and shall include the following information: (1) date the prescriber was consulted; (2) name of the person communicating the prescriber's instructions; (3) any applicable information pertaining to the consultation; and (4) initials or identification code of the pharmacist, pharmacist-intern, or pharmacy technician performing the consultation clearly recorded for the purpose of identifying the individual who performed the consultation if the information is recorded on the hard copy prescription.
F	CVS Caremark Provider Manual 2020	4.03 Other Claim Submission Requirements 1. Quantity Dispensed and Days Supply: Provider must submit the accurate days' supply and quantity on all claims prior to dispensing. a. Provider must submit only the quantity indicated on the prescription. Provider must enter the exact metric decimal quantity dispensed (no rounding) on all claim transactions. Provider must submit the quantity based on product description (e.g., kit, volume of medication in milliliters, weight in grams, eaches, number of capsules/tablets). If the quantity is uncertain, Provider must contact the Prescriber to determine the appropriate amount to dispense and notate on the prescription hard copy or electronic prescription record.