

Audit Report

Managed Care Pharmacy Claims Paid to ReCept Pharmacy #1

A Managed Care Network Provider Contracted
Under Aetna Better Health of Texas, Inc.



**Inspector
General**

Texas Health
and Human Services

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Managed Care Pharmacy Claims Paid to ReCept Pharmacy #1

A Managed Care Network Provider Contracted Under Aetna Better Health of Texas, 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 Medicaid managed care claims paid to ReCept Pharmacy #1 (ReCept) by Aetna Better Health of Texas, Inc. (Aetna), a managed care organization (MCO). Pharmacy audits are conducted to ensure that Medicaid and CHIP members have access to vital medications in accordance with contractual, state, and federal requirements.

During the period from September 1, 2020, through August 31, 2021, ReCept was paid \$435,989.59 for 324 Medicaid and CHIP managed care claims for prescriptions dispensed to Aetna members.

Summary of Review

The audit objective was to determine whether ReCept (a) properly billed for paid claims associated with Medicaid and CHIP members enrolled with Aetna and (b) complied with applicable contractual, state, and federal requirements.

The scope of the audit covered the period from September 1, 2020, through August 31, 2021.

Management Response

ReCept agreed with the audit recommendations and indicated corrective actions would be initially implemented by September 2022 and ongoing thereafter.

For more information, contact:
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Conclusion

ReCept Pharmacy #1 (ReCept) properly billed for paid claims and complied with applicable contractual, Texas Administrative Code, and federal requirements for most claims tested; however, ReCept did not consistently comply with requirements for accurate claims submissions and dispensing labels.

Key Results

ReCept properly billed for all 60 claims tested, and it complied with other requirements for 38 of 60 (63.3 percent) claims tested. However, ReCept did not consistently comply with certain requirements for the 22 remaining Medicaid managed care pharmacy claims. Specifically:

- For 2 of 60 claims tested, ReCept made administrative errors when submitting the claims. ReCept submitted (a) one claim with zero authorized refills when the prescription authorized two refills and (b) a second claim with an incorrect dispense as written (DAW) code.
- For 20 of 60 claims tested, ReCept printed refills remaining on the dispensing label that did not align with the prescription's total remaining refills.

Recommendations

ReCept should:

- Continue to ensure it accurately submits the correct number of authorized refills and the correct DAW code for each claim in accordance with contractual and Texas Administrative Code requirements.
- Ensure the number of authorized refills remaining stated on the dispensing label is accurate prior to dispensing medications.

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Audit Overview

Overall Conclusion

ReCept Pharmacy #1 (ReCept) properly billed for paid claims and complied with applicable contractual, Texas Administrative Code, and federal requirements for most claims tested; however, ReCept did not consistently comply with certain requirements for accurate claims submissions and dispensing labels.

Key Audit Results

ReCept properly billed for all 60 claims tested, and it complied with other requirements for 38 of 60 (63.3 percent) claims tested. However, ReCept did not consistently comply with certain requirements for the 22 remaining Medicaid managed care pharmacy claims. Specifically:

- For 2 of 60 claims tested, ReCept made administrative errors when submitting the claims. ReCept submitted (a) one claim with zero authorized refills when the prescription authorized two refills and (b) a second claim with an incorrect dispense as written (DAW)¹ code.
- For 20 of 60 claims tested, ReCept printed refills remaining on the dispensing label that did not align with the prescription's total remaining refills.

Objective

The audit objective was to determine whether ReCept (a) properly billed for paid claims associated with Medicaid and Children's Health Insurance Program (CHIP) members enrolled with Aetna Better Health of Texas, Inc. (Aetna) and (b) complied with applicable contractual, state, and federal requirements.

Scope

The audit scope covered the period from September 1, 2020, through August 31, 2021.

¹ DAW codes are numerical values from 0 to 9 that are submitted with each pharmacy claim to indicate whether the prescriber required a brand name drug or a generic drug. If a pharmacist dispenses a prescription differently than prescribed, the DAW code indicates the reason.

The Texas Health and Human Services (HHS) Office of Inspector General (OIG) Audit and Inspections Division (OIG Audit) offered recommendations to ReCept, which, if implemented, will help ensure accurate claims submissions and continued compliance with contractual, Texas Administrative Code, and federal requirements.

What Prompted This Audit

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

OIG Audit presented preliminary audit results, issues, and recommendations to ReCept in a draft report dated August 2, 2022. ReCept agreed with the audit recommendations and indicated corrective actions would be initially implemented by September 2022 and ongoing thereafter. ReCept's management responses are included in the report following each recommendation.

The "Detailed Audit Results" section of this report presents additional information about the audit results. OIG Audit communicated other, less significant issues to ReCept in a separate written communication.

OIG Audit thanks management and staff at ReCept for their cooperation and assistance during this audit.

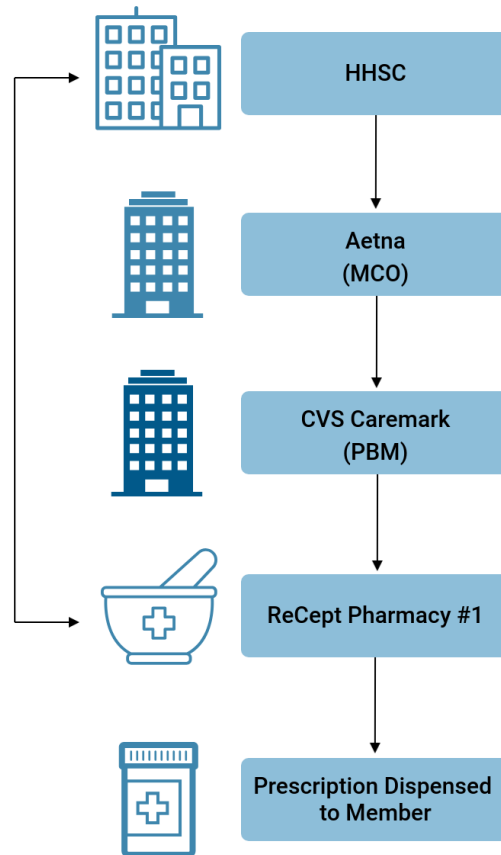
Key Program Data

ReCept is a community-based managed care network provider specialty pharmacy contracted under Aetna Better Health of Texas, Inc. (Aetna), a managed care organization (MCO).² Aetna is wholly owned by CVS Health and contracts with CVS Caremark (Caremark) for pharmacy benefit manager (PBM) services to process outpatient pharmacy claims for Aetna members.

² 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.

Figure 1 illustrates the business relationships involved in delivering managed care pharmacy benefits to Aetna’s Medicaid and CHIP members whose prescriptions were dispensed by ReCept and paid by Aetna.

Figure 1: Pharmacy Benefit Delivery Process Through ReCept



Source: OIG Audit

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.³

During the audit scope, which covered the period from September 1, 2020, through August 31, 2021, ReCept was paid \$435,989.59 for 324 Medicaid and CHIP managed care claims for prescriptions dispensed to Aetna 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.

³ 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 29, 2022).

Detailed Audit Results

OIG Audit reviewed 60 pharmacy claims consisting of 21 initial fill claims and 39 refill claims with dates of service from September 1, 2020, through August 31, 2021.

Overall, 38 of 60 pharmacy claims tested were accurate, which included initial fill claims and refill claims.

Additionally, for all 39 refill claims, ReCept met timing requirements related to filling the prescriptions associated with those claims. Specifically, for those prescriptions, ReCept filled the prescriptions within the correct amount of time and not earlier than allowed based on (a) 75 percent usage, (b) the previous fill date, (c) medication quantity, and (d) number of days' supply. All 12 unique prescribers identified in the 60 pharmacy claims tested were not excluded⁴ from Texas HHS Medicaid and CHIP.

However, ReCept did not consistently comply with requirements for accurate claims submission and dispensing labels. The following section of this report provides additional detail about the instances of noncompliance identified by OIG Audit.

Unless otherwise described, any year referenced is the state fiscal year, which covers the period from September 1 through August 31. For state fiscal year 2021, the period is September 1, 2020, through August 31, 2021.

⁴ 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 Claims

For the 60 claims tested, OIG Audit (a) compared the prescriber’s original prescriptions with the medication dispensing labels to determine whether ReCept’s submitted pharmacy claims data was accurate and (b) compared the refills remaining on the dispensing label to the total authorized refills on the prescription to determine if the information was accurate.

Pharmacies issuing prescriptions to Texas Medicaid and CHIP members must ensure that (a) claims submitted are accurate and complete⁵ and (b) prescription dispensing labels contain accurate information.⁶ Table 1 summarizes the number of exceptions identified by finding type.

Table 1: Summary of Errors by Finding Type

Finding Type	Number of Claims with Errors
Claim Submission Error	2
Dispensing Label Error	20
Total	22

Source: OIG Audit

⁵ CVS Caremark Pharmacy Provider Manual, “Claims Submission” (2020).

⁶ 22 Tex. Admin. Code §§ 291.32(c)(1)(F) (June 20, 2019, through Dec. 10, 2020) and 291.34(b)(6)(A) and b(8)(A) (Mar. 5, 2020, through June 9, 2021).

Chapter 1.1: ReCept Consistently Followed Requirements for Pharmacy Claims Submission with Two Exceptions

ReCept consistently submitted pharmacy claims that followed all submission requirements. For 58 of 60 (96.7 percent) pharmacy claims tested, ReCept submitted accurate pharmacy claims. However, ReCept submitted 2 of 60 (3.3 percent) pharmacy claims tested with administrative errors. Specifically:

- ReCept submitted one claim with an incorrect number of authorized refills. The prescription authorized two refills, and ReCept submitted the claim with zero authorized refills.
- ReCept submitted the second claim with an incorrect code of DAW 1 instead of the correct code, DAW 0.⁷

ReCept asserted that these two errors were pharmacy errors that occurred during claims submission.

As a result, claim information for these two claims was inaccurate. Claims submitted with an incorrect number of authorized refills may affect Medicaid and CHIP members because the prescription could be valid for a longer or shorter period of time than was intended by the prescriber. Claims submitted with an incorrect DAW code could prevent members from receiving the intended medication as indicated by the prescriber.

Recommendation 1.1

ReCept should continue to ensure it accurately submits the correct number of authorized refills and the correct DAW code for each claim in accordance with contractual and Texas Administrative Code requirements.

⁷ DAW 0 specifies that the prescriber did not indicate a product selection, and DAW 1 specifies that the physician requested the product be dispensed as written.

Management Response

Action Plan

- a. Coaching provided to pharmacy staff about the importance of entering the correct number of refills and DAW designation during data entry.
- b. Coaching provided to pharmacists about the importance and requirement of verifying the correct refills and DAW designation is entered during the pharmacist verification 1 (PV1) and pharmacist verification 2 (PV2) verification checks.

Responsible Manager

- a. Pharmacist in Charge

Target Implementation Date

- a. Coaching provided 8/9/22
- b. Ongoing oversight and quality control reviews will be facilitated by the Pharmacist in Charge monthly to review for refill indicators and DAW codes over the next 3 months. Quality spot checks will then be facilitated on a regular basis, no less than quarterly.
- c. Refill indicators and DAW codes will be included in ReCept internal audits, which are facilitated no less than annually by the corporate Compliance Team.

Chapter 1.2: ReCept Did Not Always Meet Dispensing Label Requirements

For 20 of 60 (33.3 percent) claims tested, ReCept did not print the correct number of remaining refills on the prescription dispensing label. These 20 claims were all related to injectable pen medications.⁸

When the prescriber writes the original prescription for a quantity beyond Caremark's acceptable days' supply limit, ReCept must extend the total number of refills authorized to provide the member with the total quantity specified on the prescription. ReCept asserted that its dispensing system automatically calculates the refills remaining after ReCept manually enters the authorized refills and total medication quantity from the original prescription. The dispensing system then automatically reduces the refills remaining each time a refill is completed. When the dispensing system automatically reduced the number of refills remaining for the 20 identified claims related to injectable pen medications, the total refills were not accurate and, in some instances, the total remaining refills did not change from one refill to the next.

When dispensing labels are printed with an incorrect number of refills remaining, Medicaid and CHIP members may not know when medication refills are needed. This could affect members' medication regimens.

Recommendation 1.2

ReCept should ensure the number of authorized refills remaining stated on the dispensing label is accurate prior to dispensing medications.

Management Response

Action Plan

The ReCept Information Technology (IT) department has been consulted, to facilitate a quality update to the software programs, allowing for the refill

⁸ Injectable pen medications are prefilled, single-use pens that allow a user to self-administer the correct dosage of medicine based on the prescriber's instructions.

designation on the prescription labels in decimals. This will account for exact refill amount remaining and mitigate errors moving forward.

Responsible Manager

Pharmacist in Charge

Target Implementation Date

Estimated Release Date 9/1/22

Appendix A: Objective, Scope, and Criteria

Objective and Scope

The audit objective was to determine whether ReCept (a) properly billed for paid claims associated with Medicaid and CHIP members enrolled with Aetna and (b) complied with applicable contractual, state, and federal requirements.

The audit scope covered the period from September 1, 2020, through August 31, 2021.

Criteria

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

- 42 U.S.C. § 1320a-7 (2019)
- 22 Tex. Admin. Code §§ 291.32 (2019 through 2020), 291.33 (2019 through 2020), and 291.34 (2020 through 2021)
- CVS Caremark Pharmacy Provider Manual (2020)

Appendix B: Detailed Methodology

OIG Audit issued an engagement letter to ReCept on June 1, 2022, providing information about the upcoming audit, and conducted fieldwork from June 6, 2022, through July 20, 2022.

OIG Audit also reviewed ReCept's system of internal controls, including components of internal control,⁹ within the context of the audit objectives by:

- Interviewing ReCept management and staff with oversight responsibilities for the Medicaid and CHIP paid claims for Aetna members.
- Reviewing relevant documentation, such as policies and procedures.
- Performing selected tests of the relevant documentation, including original prescriptions and dispensing labels.
- Testing application controls of the pharmacy dispensing system by observing a walk-through of the system, including edit checks of the various data entry fields for prescriptions and automated refill calculations.

Data Reliability

OIG Audit assessed the reliability of data ReCept provided by tracing encounter data to the Aetna paid claims and interviewing relevant ReCept personnel knowledgeable about the systems and data. OIG Audit determined that the data was sufficiently reliable for the purpose of this audit.

⁹ 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).

Testing Methodology

OIG Audit collected information for this audit through discussions, interviews, and electronic communications with ReCept management and staff. OIG Audit reviewed:

- Supporting documentation for one sample of pharmacy claims, which included initial fill claims and refill claims, billed to Aetna during the audit scope.
- Relevant ReCept policies and procedures.
- Relevant application processes and controls associated with the systems ReCept used to process and support pharmacy claims.

For this audit, OIG Audit used a population of paid pharmacy claims with service dates ranging from September 1, 2020, through August 31, 2021. The population and the sample of 60 paid pharmacy claims selected for testing both contained initial fill and refill pharmacy claims.

Sampling Methodology

Auditors selected nonstatistical samples related to Aetna paid pharmacy claims through random and risk-based selection. The test results as reported do not identify which items were randomly selected or selected based on risk; therefore, it would not be appropriate to project the test results to the population.

Sample Testing

OIG Audit tested a total of 60 (21 initial fill and 39 refill paid pharmacy claims) nonstatistical sample pharmacy claims selected from Aetna's paid pharmacy claims to determine whether the paid pharmacy claims were supported and complied with applicable contractual, state, and federal requirements. ReCept properly billed for all 60 claims tested, and it complied with other requirements for 38 (15 initial fill and 23 refill) pharmacy claims. OIG Audit verified supporting documentation provided by ReCept and compared it with paid pharmacy claims data. Data tested included verification of:

- Existence of the prescription.

- Required information included on the prescription: patient name, medication name, strength, quantity and dosage directions, issuance date, prescriber name, and national provider identifier (NPI) (or other required identification number).
- Medication dispensed as prescribed.
- Prescription number, filled date, and expiration date.
- National Drug Codes (NDCs) and the NDC listing on the Texas HHS Vendor Drug Program's (VDP's) formulary.
- U. S. Drug Enforcement Administration (DEA) number for the control substance prescription filled.
- Recipient signature for the controlled substance prescription filled.
- Authorization of refills.
- Accuracy of paid pharmacy claims.

Appendix C: Related Reports

- Managed Care Pharmacy Claims Paid to Rx Plus Pharmacy of Live Oak, [AUD-21-021](#), August 13, 2021

Appendix D: 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 June 20, 2022)

For more information on ReCept Healthcare Services, L.P.:

Homepage, ReCept Healthcare Services, <https://receptrx.com/> (accessed June 20, 2022)

For more information on Aetna Better Health of Texas, Inc.:

Homepage, Aetna Better Health of Texas,
<https://www.aetnabetterhealth.com/texas/index.html> (accessed June 20, 2022)

Appendix E: Report Team and Distribution

Report Team

OIG staff members who contributed to this audit report include:

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- Tamesha Ford, Staff Auditor
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- Karen Ray, Chief Counsel
- Michelle Alletto, Chief Program and Services Officer
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ReCept Pharmacy #1

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- Carmen DeNardo, Chief Executive Officer, ReCept Healthcare Services, L.P.
- Sandra Burton, Pharmacist in Charge
- Judy Taylor, Director of Pharmacy Operations Compliance, Omnicell, Inc.

Aetna Better Health of Texas

- Stephanie Rogers, Chief Executive Officer
- Brian Wheeler, Chief Operations Officer
- David Hall, Director of Corporate Compliance

Appendix F: 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
- Audrey O'Neill, Principal Deputy Inspector General, Chief of Audit and Inspections
- Susan Biles, Chief of Staff, Chief of Policy and Performance
- Erik Cary, Chief Counsel
- Christine Maldonado, Chief of Operations and Workforce Leadership
- Steve Johnson, Chief of Investigations and Reviews

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