



*To the Executive Commissioner of the Texas Health and Human Services Commission
Austin, Texas*

Myers and Stauffer LC (Myers and Stauffer) has completed the performance audit of Y Medical Associates, Inc. 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 #HHS000721400011, Purchase Order #HHSTX-2-0000278647 with HHSC. Our audit covered the period of March 1, 2018, through February 28, 2021.

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 Y Medical Associates, Inc. are included in this report.

This report is intended solely for the information and use of Texas HHSC-OIG and Y Medical Associates management and is not intended to be, and should not be, used by anyone other than these specified parties.

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

Myers and Stauffer LC
August 18, 2022

The background of the cover is a blurred photograph of a medical professional in a white coat, with a large green cross icon overlaid on their chest. The entire image is covered with a semi-transparent green overlay. Various medical icons are scattered across the green area, including a syringe in the top right, a pill in the middle left, a virus particle in the center, a stethoscope in the bottom left, and a group of three people icons in the bottom center. A network of thin white lines connects some of these icons, creating a digital or data-like feel. A dark grey diagonal band runs from the top right towards the bottom left, serving as a background for the text.

Final (Audit) Report

Y Medical Associates, Inc.
NPI 1427018902

Report Date
August 18, 2022



**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. Y Medical Associates, Inc. (Provider) was selected in coordination with the Texas HHSC-OIG for Myers and Stauffer to perform a claims audit. The audit focused on paid managed care organization (MCO) pharmacy claims having dates of service during the period of March 1, 2018, through February 28, 2021.

The Provider is a community independent pharmacy, which operates at 8840 N. MacArthur Blvd., Irving, TX 75063. They state on their website that they provide specialty infusion and pharmacy services and are able to deliver prescriptions to patients and providers in 46 states via FedEx.

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 people enrolled in Medicaid managed care. 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 and Controlled Substances Act (CSA); Texas Controlled Substances Act; Texas State Board of Pharmacy Rules and MCO rules, if applicable.

Audit Objective

The objective of the claims audit was 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 March 1, 2018, through February 28, 2021, the HHSC-OIG identified \$3,809,660 at risk of \$5,558,090 total pharmacy service reimbursements for the Provider. HHSC-OIG provided all fee-for-service (FFS) and MCO claims within the total payment population to Myers and Stauffer for review. Upon review of the algorithms and contracting guidelines HHSC-OIG provided, all MCO claims were identified to target our audit. This process resulted in the following claims universes being created:

- Driscoll Health Plan: All 45 claim lines for three unique recipients, for which the Provider was reimbursed \$3,805,812 were selected for audit.



- Superior HealthPlan: All 35 claim lines for six unique recipients, for which the Provider was reimbursed \$224,795 were selected for audit.

Audit Process

Scope

The scope of this audit includes the review of Medicaid MCO pharmacy claims with dates of service during the period of March 1, 2018, through February 28, 2021.

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

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

Methodology

Myers and Stauffer conducted this performance audit in accordance with 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 that pharmaceuticals were dispensed by a licensed pharmacist enrolled in Medicaid by obtaining and reviewing licensing documentation for all dispensing pharmacists during the period under review.
- Verify that pharmaceuticals were prescribed by a practitioner licensed to prescribe legend drugs and enrolled as a Texas Medicaid provider by obtaining and reviewing documentation of prescribers' licensing, VDP status, and original signed prescriptions.



- Verify that claims included the prescriber's correct identification number by obtaining and reviewing the pharmacy claims data and original prescription.
- Verify that the original prescription met documentation requirements by obtaining and reviewing original signed prescriptions and documentation of telephone orders and faxed orders, if applicable.
 - Verify that the original prescription conformed to the Texas State Board of Pharmacy rules concerning the records to be maintained by a pharmacy.
 - Verify that the original prescription was signed.
 - Verify that the initials or identification code of the transcribing pharmacist was documented if the prescription order was communicated orally or telephonically.
 - Verify that faxed prescriptions included a statement that indicated that the prescription had been faxed (e.g., "Faxed To:").
 - Verify that prescriptions for covered pharmaceuticals submitted to a pharmacy in written form were executed on tamper-resistant prescription paper.
 - Verify that the original prescription bared the following information:
 - The name and address of the recipient.
 - The name of the prescriber and their work address.
 - The name and strength of the drug prescribed.
 - The quantity prescribed.
 - Directions for use.
 - Date of issuance.
 - Verify that the pharmacist documents the following on either the original hardcopy prescription or in the pharmacy's data processing system when the prescription is dispensed:
 - The unique identification number of the prescription drug order.
 - The initials or identification number of the dispensing pharmacist.
 - The quantity dispensed (if different from the quantity prescribed).
 - The date of dispensing (if different from the date of issuance).
 - The National Drug Code (NDC) of the drug actually dispensed.
 - The name of the drug actually dispensed (if different from the one prescribed).
- Verify that refill prescriptions met all requirements by obtaining and reviewing the original prescriptions as well as pharmacy records of refills.
 - Verify that pharmacist dated the prescription and initialed the refills.
 - Verify that the 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 that the 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 that the pharmacist dispensed and billed drugs safely and accurately, as prescribed, by obtaining and reviewing the original signed prescription and prescriber authorizations as needed.
 - Verify that only authorized drugs were dispensed and billed.
 - Verify that substitutions were authorized by the prescribing physician and the substituted drug was dispensed accurately as prescribed.
 - Verify that prescriptions properly documented when a brand was necessary.
 - Verify that the prescribed and dispensed drug was received by the recipient/recipient's guardian by reviewing either signed prescription pickup logs or signed delivery confirmations.
- Verify that the quantity dispensed was the same as the quantity prescribed and billed, except as limited by HHSC's policies and procedures, by obtaining and reviewing the original signed prescription and pharmacy claims data.
- Verify that the prescription label met documentation requirements by obtaining and reviewing the prescription back tag.

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

Audit Results

Myers and Stauffer believes the evidence obtained during the course of the claims audit provides a reasonable basis for the 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 12 of 80 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	Incorrect Prescriber	The prescriber identified on the prescription record did not match the prescriber identified on the claim despite the prescriber on the prescription record holding a valid license and active National Provider Identification (NPI) number.	12	1 TAC §354.1835 Envolve Pharmacy Solutions Pharmacy Provider Manual 2017 and 2020 Navitus Pharmacy Provider Manual 2016

A lack of internal controls has been identified as a contributing cause of the findings included in the table above. The Provider has not placed enough emphasis on designing, implementing, and effectively operating internal controls to ensure the correct prescriber information is used when submitting claims. During the Provider's entrance conference, the contact stated that the prescriber field in their pharmacy system is identified from the recipient's demographic information (e.g., recipient profile). Although it is unknown if this same system is utilized to populate the information when submitting claims, the findings above indicate that if the same system is utilized, the prescriber information is not always accurate.

Management's Response

A draft copy of this report was sent to the Provider on August 1, 2022. An exit conference was held on August 3, 2022 to discuss the preliminary findings. During the exit conference, the Provider did not contest the findings and stated they do not have any additional documentation to submit.

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 \$392,574. 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 \$392,574 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 \$392,574, 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

Y Medical Associates, Inc.

Project Number 014

NPI 1427018902

Original Claims Information													Audit Determination					
Sample Line Number	Managed Care Organization	State Issued Medicaid ID	Member Full Name	Claim Number	Prescription Number	Prescribing Provider NPI	Prescribing Provider Name	Drug Name	National Drug Code	Date of Service	Date Prescribed	Total Reimbursed Amount	Finding Type	Supporting Policy Reference	Recoupment Type	Adjusted Prescribing Provider Name (if applicable)	Corrected Claim Payment	Overpayment Amount
12	Driscoll							LPROLIX				\$100,740.64	INCORRECT PRESCRIBER	A,C	1		\$0.00	\$100,740.64
18	Driscoll							LPROLIX				\$88,361.99	INCORRECT PRESCRIBER	A,C	1		\$0.00	\$88,361.99
31	Driscoll							LPROLIX				\$33,722.83	INCORRECT PRESCRIBER	A,C	1		\$0.00	\$33,722.83
35	Driscoll							LPROLIX				\$33,722.83	INCORRECT PRESCRIBER	A,C	1		\$0.00	\$33,722.83
36	Driscoll							LPROLIX				\$33,722.83	INCORRECT PRESCRIBER	A,C	1		\$0.00	\$33,722.83
38	Driscoll							LPROLIX				\$32,030.86	INCORRECT PRESCRIBER	A,C	1		\$0.00	\$32,030.86
47	Superior							SPEROCT INJ 500UNIT				\$17,700.00	INCORRECT PRESCRIBER	A,B	1		\$0.00	\$17,700.00
48	Superior							SPEROCT INJ 500UNIT				\$17,549.46	INCORRECT PRESCRIBER	A,B	1		\$0.00	\$17,549.46
49	Superior							UWIQ KIT 250UNIT				\$8,755.66	INCORRECT PRESCRIBER	A,B	1		\$0.00	\$8,755.66
50	Superior							UWIQ KIT 250UNIT				\$8,755.66	INCORRECT PRESCRIBER	A,B	1		\$0.00	\$8,755.66
51	Superior							UWIQ KIT 250UNIT				\$8,755.66	INCORRECT PRESCRIBER	A,B	1		\$0.00	\$8,755.66
52	Superior							UWIQ KIT 250UNIT				\$8,755.66	INCORRECT PRESCRIBER	A,B	1		\$0.00	\$8,755.66
Driscoll Children's Health Plan STAR Kids																	\$0.00	\$322,301.98
Superior Health Plan STAR																	\$0.00	\$70,272.10
Totals																	\$0.00	\$392,574.08



Legends

Finding Type	Policy Reference	Definition
INCORRECT PRESCRIBER	A, B, C	The prescriber identified on the prescription record did not match prescriber identified on the claim despite the prescriber on the prescription record holding a valid license and active National Provider Identification (NPI) number.

Recoupment Type	Recoupment Type Definition
1	Full

Reference	Supporting Policy	Policy
A	1 TAC §354.1835	Unless an exception is needed during a disaster, as described in §354.1868 of this subchapter (relating to Exceptions in Disasters), vendors must enter the identification number of the prescriber, as listed with the appropriate medical specialty board, on each claim.
B	Envolve Pharmacy Solutions Pharmacy Provider Manual 2017 and 2020	<p>Pharmacy Audit Standards</p> <p>Prescription Requirements</p> <p>Prescriber's full name, NPI and telephone number and, if the prescription is for a controlled substance, the Prescriber's DEA number. If the Prescriber did not include their NPI/DEA number(s) on the prescription hard copy, then the pharmacy is responsible for acquiring the Prescriber ID either from the pharmacy's claim system or by contacting the Prescriber. The participating pharmacy must document the correct Prescriber ID on the prescription hard copy or on a prescription label, affixed to the back of the prescription hard copy.</p>
C	Navitus Pharmacy Provider Manual 2016	<p>Required Pharmacy and Provider Identification Numbers</p> <p>Prescriber NPI field—pharmacy is required to submit valid and accurate information identifying the Prescriber's NPI in NCPDP field 444-E9 (Provider ID) along with the qualifier "01" in the NCPDP field 465-EY (Provider ID Qualifier). Organizational NPIs will reject.</p> <p>Pharmacy Responsibilities</p> <p>Ensure reasonable verification of the identity of the patient, prescriber and if appropriate, caregiver.</p>