

Report in Brief

Date: July 2021

Report No. A-03-19-00002

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



Why OIG Did This Audit

Medicare Part D is an optional program to help Medicare beneficiaries pay for prescription drugs. For drugs dispensed to Part D beneficiaries, Part D prescription drug plan sponsors may receive direct and indirect remuneration (DIR), which consists of rebates, subsidies, or other price concessions that decrease the costs that a sponsor incurs for a Part D drug. Part D sponsors or their pharmacy benefit managers (PBMs) may negotiate with pharmacies to charge various fees, and these fees are included as DIR. Part D sponsors are required to report their DIR to the Centers for Medicare & Medicaid Services (CMS) each year.

Our objective was to determine whether Group Health Cooperative, Inc. (GHC), complied with Federal requirements for reporting pharmacy fees in its Summary DIR Reports.

How OIG Did This Audit

We reviewed GHC's Summary DIR reports for contract years (CYs) 2014 through 2017 to determine whether GHC complied with Federal requirements for reporting pharmacy fees. We reviewed GHC's contracts with its PBMs as well as contracts its PBMs had with pharmacies. We reviewed point-of-sale fees totaling \$212,638 collected by its PBMs for CYs 2014, 2015, 2016 and 2017.

Audit of Medicare Part D Pharmacy Fees: Group Health Cooperative, Inc.

What OIG Found

For CYs 2014 and 2015, GHC did not have adequate support for the point-of-sale fees that its PBM charged to pharmacies. For CYs 2014 and 2015, its PBM reported it received at least \$52,076 and \$36,346 respectively in point-of-sale fees. GHC refiled its DIR reports twice, and the refiled amounts were not supported by other documentation that its PBM provided. As a result, we could not validate whether the amounts GHC reported to CMS were accurate.

For CY 2016, GHC's PBM did not charge pharmacy fees, and, for CY 2017, we determined that GHC correctly reported the pharmacy fees collected by its PBM.

What OIG Recommends and Kaiser Permanente Comments

We recommend that Kaiser Permanente, which acquired GHC in 2017: (1) validate the point-of-sale fee amounts that disclosed for CYs 2014 and 2015 and refile the CY 2014 and 2015 DIR reports if appropriate, and (2) develop written policies and procedures to validate the amounts its PBM discloses before submitting the DIR reports to CMS.

Kaiser Permanente concurred with our recommendations to validate the point-of sale fee amounts disclosed for CYs 2014 and 2015, refile the DIR reports if appropriate, and develop written policies and procedures to validate the amounts its PBM discloses before submitting the DIR reports to CMS. Kaiser Permanente stated that it had worked with its PBM to validate the point-of-sale pharmacy fees that were collected during CYs 2014 and 2015. Kaiser Permanente identified a discrepancy in the amount reported in its 2019 refiling of the CY 2014 DIR. Kaiser Permanente intends to resubmit its CY 2014 DIR. However, it validated the CY 2015 DIR.

Kaiser Permanente also stated that it had revised and updated its written policies and procedures to include procedures that it will use to validate data its PBMs disclosed before submitting the DIR reports to CMS.

The full report can be found at <https://oig.hhs.gov/oas/reports/region3/31900002.asp>.

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