Ohio Claimed Unallowable Federal Reimbursement for Some Medicaid Physician-Administered Drugs

What OIG Found
Ohio did not always comply with Federal Medicaid requirements for invoicing manufacturers for rebates for physician-administered drugs. Ohio did not invoice manufacturers for rebates associated with $3.6 million ($2.3 million Federal share) in single-source and top-20 multiple-source physician-administered drugs. Because Ohio’s internal controls did not always ensure that it invoiced manufacturers to secure rebates, the State agency improperly claimed Federal reimbursement for these single-source drugs and top-20 multiple-source drugs.

Further, Ohio agency did not submit the drug utilization data necessary to secure rebates for other physician-administered drugs. These drugs were included in claims totaling $6.2 million ($4.0 million Federal share) that did not have NDCs and in claims totaling $195,526 ($128,057 Federal share) that contained NDCs.

In addition, Ohio invoiced manufacturers for rebates associated with $30.5 million ($20.0 million Federal share) in physician-administered drugs after the completion of our fieldwork.

What OIG Recommends and Ohio’s Comments
We recommend that Ohio refund to the Federal Government $2.3 million (Federal share) for claims for single-source physician-administered drugs and for top-20 multiple-source physician-administered drugs that were ineligible for Federal reimbursement; work with CMS to determine the unallowable portion of $4.0 million (Federal share) and $128,057 (Federal share) for other claims for covered outpatient physician-administered drugs that were not invoiced for rebates and refund that amount; work with CMS to ensure that rebates associated with physician-administered drug claims totaling $20.0 million (Federal share) that were invoiced after the completion of our fieldwork are appropriately reported to the Medicaid program; work with CMS to determine and refund the unallowable portion of Federal reimbursement for physician-administered drugs that were not invoiced for rebates after December 31, 2014; and strengthen its internal controls to ensure that all physician-administered drugs eligible for rebates are invoiced.

In written comments on our draft report, Ohio partially concurred with our first, second, and fifth recommendations; did not concur with part of our third recommendation; concurred with the other recommendations, and described corrective actions that it had taken or planned to take.