

Report in Brief

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



Why OIG Did This Review

For a covered outpatient drug to be eligible for Federal reimbursement under the Medicaid program's drug rebate requirements, manufacturers must pay rebates to the States for the drugs. However, prior OIG reviews found that States did not always invoice and collect all rebates due for drugs administered by physicians.

Our objective was to determine whether Illinois complied with Federal Medicaid requirements for invoicing manufacturers for rebates for physician-administered drugs.

How OIG Did This Review

Our review covered physician-administered drug claims that were paid by Illinois for the period October 1, 2015, through September 30, 2017.

We used the Centers for Medicare & Medicaid Services (CMS) Medicaid Drug File and CMS's Medicare Part B crosswalk to identify single-source drug and multiple-source drugs. Additionally, we determined whether the National Drug Code (NDC) or Healthcare Common Procedure Coding System codes were published in CMS's top-20 multiple-source drug listing.

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

What OIG Found

Illinois did not always comply with Federal Medicaid requirements for invoicing manufacturers for rebates for physician-administered drugs. Illinois did not invoice manufacturers for rebates associated with \$4.1 million (Federal share) in physician-administered drugs. Of this amount, \$4.0 million was for single-source drugs, and \$32,620 was for top-20 multiple-source drugs. Because Illinois' internal controls did not always ensure that it invoiced manufacturers to secure rebates, Illinois improperly claimed Federal reimbursement for these single-source drugs and top-20 multiple-source drugs.

Further, Illinois did not submit the drug utilization data necessary to secure rebates for other physician-administered drugs, totaling \$258,640 (Federal share), that did not have NDCs or had invalid NDCs.

What OIG Recommends and Illinois Comments

We recommend that Illinois refund \$4.1 million and work with CMS to determine the proper resolution of the \$258,640 for the other drug claims in question.

We also made procedural recommendations.

In written comments on our draft report, Illinois concurred with our recommendations. Illinois stated that it will continue to work through the outstanding claims to determine those that can be invoiced and will work with CMS to determine the final dollar amount to be returned. Illinois said that it will review and create stronger internal controls to ensure that all eligible physician-administered drugs are invoiced for rebate.