



DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of Inspector General

Office of Audit Services
1100 Commerce, Room 632
Dallas, Texas 75242

December 18, 2006

Report Number: A-06-06-00112

Harold Horton
Program Manager
Computer Sciences Corporation
29100 Aurora Road, Suite 301
Solon, OH 44139

Dear Mr. Horton:

Enclosed are two copies of the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG) final report entitled "Report on the Medicare Drug Discount Card Program Sponsor Computer Sciences Corporation." A copy of this report will be forwarded to the HHS action official noted on the following page for review and any action deemed necessary.

The HHS action official will make final determination as to actions taken on all matters reported. We request that you respond to the HHS action official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

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Please refer to report number A-06-06-00112 in all correspondence.

Sincerely,

A handwritten signature in black ink that reads "Gordon L. Sato".

Gordon L. Sato
Regional Inspector General
For Audit Services

Enclosures

Page 2 – Mr. Harold Horton

Direct Reply to HHS Action Official:

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Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REPORT ON THE MEDICARE
DRUG DISCOUNT CARD
PROGRAM SPONSOR COMPUTER
SCIENCES CORPORATION**



Daniel R. Levinson
Inspector General

December 2006
A-06-06-00112

Office of Inspector General

<http://oig.hhs.gov>

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In accordance with the principles of the Freedom of Information Act (5 U.S.C. 552, as amended by Public Law 104-231), Office of Inspector General, Office of Audit Services reports are made available to members of the public to the extent the information is not subject to exemptions in the act. (See 45 CFR Part 5.)

OAS FINDINGS AND OPINIONS

The designation of financial or management practices as questionable or a recommendation for the disallowance of costs incurred or claimed, as well as other conclusions and recommendations in this report, represent the findings and opinions of the HHS/OIG/OAS. Authorized officials of the HHS divisions will make final determination on these matters.

EXECUTIVE SUMMARY

BACKGROUND

Medicare Drug Discount Card Program and Transitional Assistance

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), section 1860D-31(a)(1), established a drug discount card program to provide eligible individuals with access to prescription drug discounts and transitional assistance (TA) subsidies. The program began in June 2004 and ended in December 2005 or when the beneficiary enrolled in the Medicare Part D drug program, whichever occurred first. However, if enrolled by December 2005, a beneficiary could have used the drug discount card through May 2006.

Sections 1860D-31(h)(4) and (8) of the MMA required drug discount card sponsors to pass on negotiated prices to beneficiaries and ensure that beneficiaries were not charged more than the lower of the negotiated prices or the usual and customary prices. The MMA, section 1860D-31(d)(2)(C), also required sponsors to provide a beneficiary's TA balance to the pharmacy when a prescription was filled. Beneficiaries received a maximum TA subsidy of \$600 per year for 2004 and 2005; the amount was prorated for 2005 based on when they enrolled in the program. Beneficiaries who enrolled in 2004 received the entire \$600, regardless of the month they enrolled. The Centers for Medicare & Medicaid Services (CMS) added any amount not used in 2004 to the 2005 benefit.

To recoup claimed expenditure payments made to the pharmacies, sponsors withdrew funds from the Payment Management System. All claim expenditures and withdrawals should have been reported to CMS on the Transitional Assistance Monthly Expense and Reconciliation Report (TAMER).

The MMA, section 1860D-2(e)(2)(A), excludes specific drugs and drug classes from the definition of "covered Part D drug." Any drug or class of drugs that is excluded should not have been purchased with TA funds. In August 2005, CMS issued a memo directing all drug discount card sponsors to determine whether they had used TA funds to pay for excluded drugs. The memo requested that the sponsors repay CMS for any funds used for excluded drugs.

Computer Sciences Corporation

Computer Sciences Corp. (CSC), an information technology services company in Solon, Ohio, offered a drug discount card to eligible Medicare beneficiaries. CSC submitted approximately \$156 million in claims to CMS for TA expenditures from June 2004 through July 2005. CSC subcontracted with MemberHealth Services (MemberHealth) of Cleveland, Ohio, on the drug discount card program. MemberHealth, a pharmacy benefit manager, negotiated with pharmaceutical manufacturers and established network agreements with pharmacies that accepted CSC's drug discount cards. CSC was responsible for processing enrollments, operating a customer service center, managing finances, and developing and maintaining a compliance program.

IntegriGuard

CMS contracted with IntegriGuard, LLC, to audit Medicare drug discount card programs. The program safeguard contractor reviewed a variety of issues, including enrollment, TA fund limits, and excluded drugs. We met with IntegriGuard and reviewed some of its work papers in an effort to understand the program and develop audit areas.

Transition to Medicare Part D

CSC and MemberHealth are participating in the Medicare Part D drug program, MemberHealth as the program benefit manager and CSC in a support function. CMS requires prescription drug plan (PDP) sponsors in the Part D program to ensure that:

- beneficiaries have access to drugs at negotiated prices,
- payments for beneficiaries and claims submitted to CMS are correct, and
- statutorily excluded drugs are not included in the program.

OBJECTIVES

Our objectives were to determine whether CSC complied with Federal requirements to (1) ensure that beneficiaries did not exceed their TA limits, (2) apply TA funds only to covered drugs, (3) pass on negotiated prices to beneficiaries and offer the lower of the negotiated prices or the usual and customary prices, and (4) support the expenditures and withdrawals it reported to CMS.

SUMMARY OF FINDINGS

CSC properly passed on the lower of the negotiated prices or the usual and customary prices to the beneficiaries. However, CSC did not have proper procedures in place to ensure that it always complied with Federal requirements to:

- ensure that beneficiaries did not exceed their TA fund limits,
- apply TA funds only to covered drugs,
- pass on to beneficiaries the proper amount of the rebate included in the negotiated prices, and
- properly support the expenditures it made on behalf of beneficiaries.

As a result, CMS overpaid CSC \$450,519 for beneficiaries who exceeded their TA limits and \$156,305 for excluded drugs for the period July 12, 2004, through July 31, 2005. CSC reimbursed CMS \$203,577 for excluded drugs that it identified based on the criteria CMS submitted in its August 2005 memo to sponsors. Also, CSC reported on its TAMERs \$918,339 more than the beneficiary claims totaled. During our audit, CSC corrected the errors it made and reimbursed CMS for the inappropriate expenditures it recorded on its TAMERs.

RECOMMENDATIONS

We recommend that CSC:

- reimburse CMS for the \$450,519 by which it exceeded TA fund limits;
- determine whether the amount CSC reimbursed CMS for excluded drugs included any of the \$156,305 in TA funds identified in the audit and reimburse the difference; and
- implement policies and procedures, as a PDP sponsor in Part D, to ensure that it (1) does not pay for statutorily excluded drugs with CMS funds, (2) offers negotiated prices to beneficiaries, and (3) properly supports the expenditures from the payment management system it reports to CMS.

COMPUTER SCIENCES CORPORATION'S RESPONSE

In its written comments on our draft report, CSC agreed with all of the findings and stated that it will reimburse the amount it still owes for excluded drugs. CSC requested that CMS forgive the reimbursement of \$450,519 for exceeding TA fund limits because the Medicare beneficiaries benefited from the overpayment and CSC did not make a profit from the overpayments.

CSC's comments are included as the Appendix.

OFFICE OF INSPECTOR GENERAL'S RESPONSE

CSC should reimburse CMS the \$450,519 by which it exceeded TA fund limits. While beneficiaries may have benefited from the overpayment, CSC did not follow Federal regulations restricting beneficiaries to \$600 in TA each year.

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COMPUTER SCIENCES CORPORATION’S COMMENTS

INTRODUCTION

BACKGROUND

Medicare Drug Discount Card Program and Transitional Assistance

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), section 1860D-31(a)(1), established a drug discount card program to provide eligible individuals with access to prescription drug discounts and transitional assistance (TA) subsidies. The program began in June 2004 and ended in December 2005 or when the beneficiary enrolled in the Medicare Part D drug program, whichever occurred first. However, if enrolled by December 2005, a beneficiary could have used the drug discount card through May 2006. The Medicare Part D program went into effect January 1, 2006. Like the drug discount card program, Medicare Part D provides discount drug coverage to Medicare-eligible individuals.

Under the drug discount card program, the Centers for Medicare & Medicaid Services (CMS) provided TA subsidies to low-income Medicare beneficiaries whose prescription drugs were not covered by Medicaid or another insurance plan. Eligible beneficiaries were entitled to \$600 per year in 2004 and 2005; funds not used during 2004 were rolled over into 2005. Individuals who enrolled in 2004 were eligible for the entire \$600 subsidy, regardless of when they enrolled in the program.¹ Beneficiaries who enrolled in 2005 received a prorated subsidy based on the date they enrolled. When applying TA toward the purchase of prescription drugs, beneficiaries who had incomes at or below 100 percent of the poverty level paid a 5-percent coinsurance payment, and those with incomes between 101 and 135 percent of the poverty level paid a 10-percent coinsurance payment.

In addition, Medicare paid the annual drug discount card program enrollment fee, if any, a sponsor charged for eligible beneficiaries.

Centers for Medicare & Medicaid Services Requirements

CMS required drug discount card sponsors to:

- obtain manufacturer discounts or rebates on brand name and generic drugs and share the savings with beneficiaries;
- enroll all eligible Medicare beneficiaries who applied to their programs and resided in their service areas;
- administer the TA program for all card enrollees who applied for subsidies and met eligibility requirements;

¹All individuals whose applications were received in December 2004 were officially enrolled in January 2005. However, those individuals received the full TA entitlement for 2004 and 2005.

- provide access to discounts on at least one brand name or generic prescription drug in each of the therapeutic drug classes, groups, and subgroups of prescription drugs Medicare beneficiaries commonly need; and
- charge CMS an annual enrollment fee of no more than \$30 per beneficiary.

Federal Requirements

The MMA, sections 1860D-31(h)(4) and (8), required drug discount card program sponsors to pass on negotiated rates to beneficiaries and ensure that beneficiaries were not charged more than the lower of the negotiated prices or the usual and customary prices. Negotiated prices take into account any manufacturer rebates, pharmacy discounts, and pharmacy dispensing fees. Manufacturers base rebates on a periodically updated published price that includes the wholesale acquisition cost (WAC) and the average wholesale price (AWP). The usual and customary price is what the pharmacy normally charges for the drug if the beneficiary does not have insurance.

The MMA, section 1860D-31(d)(2)(C), also required sponsors to provide a beneficiary's TA balance to the pharmacy when a prescription was filled.

To recoup claimed expenditure payments made to pharmacies, sponsors withdrew funds from the Payment Management System. All claim expenditures and withdrawals should have been reported to CMS on the Transitional Assistance Monthly Expense and Reconciliation Report (TAMER).

The MMA, section 1860D-2(e)(2)(A), excludes specific drugs and drug classes from the definition of "covered Part D drug." Any drug or class of drugs that is excluded should not have been purchased with TA funds. In August 2005, CMS issued a memo directing all drug discount card sponsors to determine whether they had used TA funds to pay for excluded drugs. The memo requested that sponsors repay CMS for any funds used for excluded drugs.

Computer Sciences Corporation

Computer Sciences Corp. (CSC), an information technology services company in Solon, Ohio, offered a drug discount card to eligible Medicare beneficiaries. CSC submitted approximately \$156 million in claims to CMS for TA expenditures from June 2004 through July 2005.

CSC subcontracted with Member Health Services (MemberHealth) of Cleveland, Ohio, on the drug discount card program. MemberHealth, a pharmacy benefit manager, negotiated with pharmaceutical manufacturers and established network agreements with pharmacies that accepted CSC's drug discount cards. CSC was responsible for processing enrollments, operating a customer service center, managing finances, and developing and maintaining a compliance program.

IntegriGuard

CMS contracted with IntegriGuard, LLC, to audit Medicare drug discount card programs. The program safeguard contractor reviewed a variety of issues, including enrollment, TA fund limits, and excluded drugs. We met with IntegriGuard and reviewed some of its work papers in an effort to understand the program and develop audit areas.

Transition to Medicare Part D

CSC and MemberHealth are participating in the Medicare Part D drug program, MemberHealth as the program benefit manager, and CSC in a support function. CMS requires prescription drug plan (PDP) sponsors in the Part D program to ensure that:

- beneficiaries have access to drugs at negotiated prices,
- payments for beneficiaries and claims submitted to CMS are correct, and
- statutorily excluded drugs are not included in the program.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

Our objectives were to determine whether CSC complied with Federal requirements to (1) ensure that beneficiaries did not exceed their TA limits, (2) apply TA funds only to covered drugs, (3) pass on negotiated prices to beneficiaries and offer the lower of the negotiated prices or the usual and customary prices, and (4) support the expenditures and withdrawals it reported to CMS.

Scope

For the period June 2004 through July 2005, CSC submitted TA expenditure claims to CMS totaling approximately \$156 million. We limited our review of the drug discount card program to claims paid with TA subsidies.

We reviewed the drug prices MemberHealth negotiated with drug manufacturers and pharmacies on behalf of CSC for July 2004 (the second full month of the program) and May 2005 (the most current month that data were available when we started the audit). To determine whether CSC offered beneficiaries the prices negotiated with drug manufacturers and pharmacies, we repriced the negotiated prices CSC claimed on 400 sampled claims by using the pricing methodology set forth in its contracts.

As part of our audit, we:

- relied on the enrollment information IntegriGuard provided,
- used CSC's payment data,

- did not perform a detailed review of CSC's internal controls because the audit objectives did not require it, and
- did not review the \$203,577 CSC reimbursed to CMS for excluded drugs to determine whether it was included in the \$156,305 in excluded drugs we identified.

We performed our fieldwork at the CSC office in Solon, Ohio.

Methodology

To perform our audit, we:

- met with IntegriGuard officials and reviewed some of their work papers in an effort to understand the program and develop audit areas;
- obtained CSC's bank records and Payment Management System drawdown information to compare them to the amounts recorded as withdrawals on the TAMERs;
- obtained the claim information to compare it to the expenditures recorded on the TAMERs;
- reviewed CSC's policies and procedures regarding TA;
- selected the months of July 2004 and May 2005 to reprice a sample of claims, and reviewed an unrestricted random sample of 200 claims for each of the 2 months for three drug cards: D7090, and D7091 and D7092 combined;
- reviewed the contracts MemberHealth negotiated with CMS, manufacturers, pharmacies, and other entities on behalf of CSC;
- analyzed all claims during the period June 2004 through July 2005 to determine whether the drugs on the claims were excluded drugs and whether beneficiaries exceeded their TA fund limits; and
- determined whether CSC's expenditures and withdrawals from CMS's Payment Management System for the period June 2004 through July 2005 reconciled to the information in the CMS system.

We did not rely on IntegriGuard's work because it (1) did not cover the same period as our review of TA, (2) did not use all of the criteria available to determine excluded drugs, and (3) did not include negotiated prices in its review. Additionally, in its report to CMS, IntegriGuard did not recommend that CSC reimburse CMS for funds used to pay for excluded drugs and excess TA.

We conducted our review in accordance with generally accepted government auditing standards.

FINDINGS AND RECOMMENDATIONS

CSC properly passed on the lower of the negotiated prices or the usual and customary prices to beneficiaries. However, CSC did not have proper procedures in place to ensure that it always complied with Federal requirements to:

- ensure that beneficiaries did not exceed their TA fund limits,
- apply TA funds only to covered drugs,
- pass on to beneficiaries the proper amount of the rebate included in the negotiated prices, and
- properly support the expenditures it made on behalf of beneficiaries.

As a result, CMS overpaid CSC \$450,519 for beneficiaries who exceeded their TA limits and \$156,305 for excluded drugs for the period July 12, 2004, through July 31, 2005. CSC reimbursed CMS \$203,577 for excluded drugs that it identified based on the criteria CMS used in its August 2005 memo to sponsors. Additionally, CSC reported on its TAMERs \$918,339 more than the claims totaled. CSC has corrected the errors it made and reimbursed CMS for the inappropriate expenditures it recorded on its TAMERs.

TRANSITIONAL ASSISTANCE LIMITS

Federal Requirements

The MMA, section 1860D-31(g)(2)(A), limited the TA subsidy amount a qualified beneficiary could receive to \$600 during 2004 and \$600 during 2005. CMS prorated the amount for 2005 based on the date the beneficiary enrolled in the program. Beneficiaries who enrolled in 2004 received the entire \$600, regardless of the month they enrolled. CMS added any amount not used during 2004 to the 2005 benefit.

Transitional Assistance Limits Exceeded

For the period June 2004 through July 2005, CSC allowed 16,413 beneficiaries to exceed their TA fund limits. For 2004, the amount exceeding the TA fund limits ranged from \$.02 to \$605 for 3,928 beneficiaries. For 2005, the amount exceeding the TA fund limits ranged from \$.01 to \$1,222 for 14,239 beneficiaries. Some beneficiaries exceeded their TA fund limits in both years.

Inadequate Procedures

During our audit period, CSC did not have policies and procedures in place to ensure that beneficiaries did not exceed their TA fund limits as required by the MMA. In September 2005, CSC implemented procedures to identify beneficiaries who exceeded the TA fund limits.

Excess Transitional Assistance Funds

Because CSC did not have adequate procedures in place to limit beneficiaries to their TA fund limits, CSC overpaid \$450,519 for 16,413 beneficiaries. Specifically, CSC paid:

- \$117,309 for 3,928 beneficiaries who exceeded their TA fund limits in 2004 and
- \$333,210 for 14,239 beneficiaries who exceeded their TA fund limits in 2005.

EXCLUDED DRUGS

Federal Requirements

The MMA, section 1860D-2(e)(2)(A), excludes specific drugs and drug classes from the definition of “covered Part D drugs.” Regulations (CFR § 403.802) define covered Part D drugs and state which drugs are included and excluded. Any drug that falls into one of the excluded classes of drugs cannot be purchased with TA funds.

In July 2004, CMS issued a list of two classes of excluded drugs; in November 2004, it issued an updated list that covered all classes of excluded drugs as of December 2004. CMS based the lists on the National Drug Code (NDC), which identifies each drug by a specific code. On August 29, 2005, CMS issued a memo directing all drug discount card sponsors to determine whether they had used TA funds to pay for excluded drugs. The memo specified which list to use for the appropriate period and requested that sponsors repay CMS for any TA funds reimbursed for excluded drugs.

Transitional Assistance Funds Used for Statutorily Excluded Drugs

From July 12, 2004, to July 31, 2005, CSC charged CMS for 6,207 claims for drugs that were statutorily excluded from the drug discount card program and for which payment should not have been made.

Excluded Drug List Not Updated in a Timely Manner

CSC paid for excluded drugs because it did not update the list of excluded drugs in its system in a timely manner. CSC did not implement the excluded drug list dated November 4, 2004, until January 2005.

Charged for Statutorily Excluded Drugs

Because CSC did not update its list of excluded drugs in a timely manner, CMS overpaid CSC \$156,305 for 6,207 claims. Using the guidelines that CMS issued to drug card sponsors on August 29, 2005, the breakdown of claims CSC submitted to CMS for statutorily excluded drugs is:

- \$93,232 for 3,303 claims made from July 12 through December 3, 2004; and
- \$63,073 for 2,904 claims made from December 4, 2004, through July 31, 2005.

CSC reimbursed CMS \$203,577 for excluded drugs that it identified based on the criteria CMS submitted in its August 2005 memo to sponsors.

NEGOTIATED PRICES

Federal Requirements

The MMA, sections 1860D-31(h)(4) and (8), required sponsors to pass on negotiated rates to beneficiaries and ensure that beneficiaries were not charged more than the lower of the negotiated prices or the usual and customary prices.

Federal regulations (42 CFR § 403.806(d)(6)) required sponsors to pass on a share of any discounts, rebates, or other price concessions to beneficiaries through negotiated prices. CSC's contracts with drug manufacturers specified the amount of the rebates that CSC should have passed on to the beneficiaries and what amount it should have kept.

Negotiated Prices Not Passed On to Beneficiaries

CSC did not always comply with Federal requirements and CSC contracts to pass on negotiated prices to beneficiaries. The contracts specifically stated the amount of the rebate that should have been passed on to the beneficiaries. Of the 400 claims we reviewed, 23 claims did not include the correct amount of the manufacturer's rebate as required by the contracts.

Inadequate Procedures

CSC did not have adequate procedures in place to ensure that it complied with the MMA's requirements to pass on negotiated prices to beneficiaries. Specifically, CSC did not calculate drug rebates on individual claims using the same WAC, AWP, or rebate percentages that were used to request rebates from the manufacturers.

Claims Billed Incorrectly

As a result, beneficiaries did not receive the rebate amounts to which they were entitled.

EXPENDITURES

Federal Requirements

Pursuant to 42 CFR § 403.806(i)(1)(iv), sponsors must report to CMS certified financial accounting records on TA used by drug card enrollees each month. To recoup claimed expenditure payments to pharmacies, sponsors withdrew funds from the Payment Management System. All claim expenditures and withdrawals should have been reported to CMS on the TAMERs.

Expenditures Did Not Reconcile

For the period June 2004 through July 2005, we could not reconcile CSC's TAMERs to its claims expenditure data. CSC's TAMERs exceeded claim expenditure data by \$918,339.

Inadequate Procedures

CSC did not have adequate procedures in place to ensure that the expenditures were properly recorded on the TAMERs.

Expenditures for Beneficiaries Not Supported Correctly

According to CSC officials, CMS overpaid \$81,914 of the \$918,339 total because beneficiaries switched to the North Carolina Senior Program (a State program that assists beneficiaries) after reaching their TA limits; once switched, CSC restored their original TA benefit amounts. This allowed the beneficiary to spend more than the amount allowed by CMS. The remaining \$836,425 was related to a problem with CSC's internal reports, which caused CSC to double bill CMS for some claims. CSC corrected these errors and offset its TAMERs to reimburse CMS.

RECOMMENDATIONS

We recommend that CSC:

- reimburse CMS for the \$450,519 by which it exceeded TA fund limits;
- determine whether the amount CSC reimbursed CMS for excluded drugs included any of the \$156,305 in TA funds identified in the audit and reimburse the difference; and
- implement policies and procedures, as a PDP sponsor in Part D, to ensure that it (1) does not pay for statutorily excluded drugs with CMS funds, (2) offers negotiated prices to beneficiaries, and (3) properly supports the expenditures from the Payment Management System it reports to CMS.

COMPUTER SCIENCES CORPORATION'S RESPONSE

In its written comments on our draft report, CSC agreed with all of the findings and stated that it will reimburse the amount it still owes for excluded drugs. CSC requested that CMS forgive the reimbursement of \$450,519 for exceeding TA fund limits because the Medicare beneficiaries benefited from the overpayments and CSC did not make a profit from the overpayments.

CSC's comments are included as the Appendix.

OFFICE OF INSPECTOR GENERAL'S RESPONSE

CSC should reimburse CMS the \$450,519 by which it exceeded TA fund limits. While beneficiaries may have benefited from the overpayments, CSC did not follow Federal regulations restricting beneficiaries to \$600 in TA each year.

APPENDIX

Computer Sciences Corporation
www.csc.com

Gordon L. Sato
Office of Inspector General
Office of Audit Services
1100 Commerce, Room 632
Dallas, TX 75242

Re: Report Number: A-060-06-00112



Dear Mr. Sato,

CSC is writing in response to the OIG draft report dated September 2006 and entitled "Report on the Medicare Drug Discount Card Program Sponsor Computer Science Corporation."

By and large CSC does not dispute the findings and facts contained in the report. There are, however, a few minor corrections that we suggest:

1. MHS should be changed to MemberHealth or MH throughout the report. (pages ii, 2, 3, and 8)
2. The role of CSC should be noted as a subcontractor to MH on the Medicare Part D program. On the Drug Discount Card program, CSC was the prime contractor to CMS, and as such, was a Drug Discount Card Sponsor. On the Drug Discount Card Program, CSC subcontracted the pharmacy benefit management (PBM) functions out to MemberHealth. On the Medicare Part D program, MH is the prime contractor to CMS and is a PDP. CSC is a subcontractor to MH and provides the following functions: enrollment/disenrollment processing, call center support, grievance support, and fulfillment. On page ii CSC is noted as "program benefit manager." MH is the "program benefit manager" and/or the pharmacy benefit manager for the Part D program. CSC is not, and has never been, a Pharmacy Benefit Management company (PBM).
3. IntegriGuard found that CSC paid out a total of \$260,000 for excluded drugs. CSC does not dispute this finding; however CSC has previously reimbursed CMS for \$203,000 of the \$260,000. The \$156,305 referred to in the OIG report (pages ii, 4, 6 and 8) is a subset of the \$260,000 amount. CSC agrees to reimburse CMS the additional \$57,000, which completes CSC's reimbursement obligations (pages iii, 4, and 8).
4. CSC does not dispute the \$450,519 that was exceeded on TA fund limits (page ii, iii, 5, 6, and 8). The processing of claims that exceeded TA fund limits was due to a technical malfunction in the claims processing system that MemberHealth engaged. However, we respectfully request that CMS consider forgiving the reimbursement of \$450,519 because the payment of claims beyond the TA fund limit benefited the Medicare beneficiaries. CSC did not profit from the overpayments; Medicare beneficiaries profited from the overpayments in that they received prescription drugs. CSC did not benefit from this error, and the beneficiaries were well served.

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Computer Sciences Corporation
www.csc.com

Thank you for your consideration in these matters.

Sincerely,



Harold J. Horton
Drug Card Program Manager
Computer Sciences Corporation

cc: Barry Steeley, CMS