MEDICAID DRUG REBATE PERFORMANCE AUDITING AND CONSULTATION SERVICES

The Medicaid Drug Rebate Program (MDRP) is a partnership between CMS, state Medicaid agencies, and participating drug manufacturers that helps to significantly offset the Federal and state costs of covered outpatient prescription drugs dispensed to Medicaid recipients. It is estimated that 45-50% of total Medicaid program expenditures on covered outpatient drugs are returned in the form of Federal and state supplemental rebates. Approximately 600 drug manufacturers currently participate in this program. All 50 states and the District of Columbia cover prescription drugs under the MDRP.

Drug rebate administration is a complex task involving claim identification, adjustment reconciliation, invoicing, collection, application of accrued interest and financial reporting. Given this complexity, there are many areas of risk for state Medicaid programs to lose significant rebate revenue due to errors in rebate administration and accounting. As a Certified Public Accounting (CPA) firm with more than 37 years of working with state Medicaid programs, Myers and Stauffer is uniquely positioned to review and audit all policy and accounting activities for your state’s MDRP.

MDRP Basics

Delivery Systems and Medicaid Drug Rebate Availability
- Fee-for-Service (FFS) Medicaid - Federal drug rebates have been available for invoicing and collection since the inception of the program in the early ‘90s.
- Managed Care Organization (MCO) Medicaid – Federal drug rebates have been available for invoicing and collection since March 23, 2010, as required by changes to Federal law.

Claim Types
- Pharmacy claims from both FFS and MCO delivery systems.
- Institutional outpatient claims (UB-04) from both FFS and MCO delivery systems for procedure coded drugs not paid within a bundled rate.
- Professional claims (CMS-1500) from both FFS and MCO delivery systems for procedure coded drugs not paid within a bundled rate.

Common Areas of Deficiencies and Opportunities in Drug Rebate Administration
- Inadequate collection of National Drug Codes (NDCs) on procedure coded drugs in both the FFS and MCO delivery systems.
- Unreliable information submissions on the CMS 64.9 form.
- Improper accounting for interest calculations on late rebate payments.
- New rebate vendor transition errors.
- Identification of drug billing errors commonly resulting in rebate disputes.
- Identification and exclusion of 340B drug claims.
- Failure to invoice for NDCs with no unit rebate amounts (URAs).
- Lack of rebate invoicing for third party liability claims including Medicare Part B.
- Insufficient controls and processing related to write-offs and past quarter adjustments.

FOR MORE INFORMATION
We encourage you to contact Lynsey Plew by email at lplew@mslc.com to arrange a discussion or meeting for more information regarding drug rebate performance auditing and consultation services, or to answer any general questions. For information on other services we offer, please visit us online at www.mslc.com and click on Services.