



**Office of the
Medicaid Inspector
General**

**NEW YORK STATE
OFFICE OF THE MEDICAID INSPECTOR GENERAL**

**REVIEW OF R. DRUGS ETC. INC.
CLAIMS FOR PHARMACY SERVICES
PAID FROM
OCTOBER 1, 2009 – DECEMBER 31, 2011**

**FINAL AUDIT REPORT
AUDIT #: 15-2792**

**Dennis Rosen
Medicaid Inspector General**

December 28, 2015



Office of the
Medicaid Inspector
General

ANDREW M. CUOMO
Governor

DENNIS ROSEN
Medicaid Inspector General

December 28, 2015

[REDACTED]
R. Drugs Etc. Inc.
222 Alexander Street
Suite 2700
Rochester, New York 14607

Re: Final Audit Report
Audit #: 15-2792
Provider ID #: [REDACTED]
NPI #: [REDACTED]

Dear [REDACTED]:

Enclosed is the Office of the Medicaid Inspector General (OMIG) final audit report entitled "Review of R. Drugs Etc. Inc." (Provider) paid claims for pharmacy services covering the period October 1, 2009 through December 31, 2011. Since you did not respond to our draft audit report dated November 19, 2015, the findings in the final audit report are identical to those in the draft audit report.

In the attached final audit report, the OMIG has detailed our scope, procedures, laws, regulations, rules and policies, sampling technique, findings, provider rights, and statistical analysis.

The OMIG has attached the sample detail for the paid claims determined to be in error. The mean point estimate overpaid is \$237,687. The lower confidence limit of the amount overpaid is \$8,850. We are 95% certain that the actual amount of the overpayment is greater than the lower confidence limit. This audit may be settled through repayment of the lower confidence limit of \$8,850.

[REDACTED]
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December 28, 2015

If the Provider has any questions or comments concerning this final audit report, please contact [REDACTED]. Please refer to report number 15-2792 in all correspondence.

Sincerely, [REDACTED]

[REDACTED]
Division of Medicaid Audit, Rochester
Office of the Medicaid Inspector General

[REDACTED]
Enclosure

CERTIFIED MAIL # [REDACTED]
RETURN RECEIPT REQUESTED

OFFICE OF THE MEDICAID INSPECTOR GENERAL

www.omig.ny.gov

The mission of the Office of the Medicaid Inspector General (OMIG), as mandated by New York Public Health Law § 31 is to preserve the integrity of the New York State Medicaid program by preventing and detecting fraudulent, abusive and wasteful practices within the Medicaid program and recovering improperly expended Medicaid funds.

DIVISION OF MEDICAID AUDIT

The Division of Medicaid Audit professional staff conducts audits and reviews of Medicaid providers to assess compliance and program requirements and, where necessary, to recover overpayments. These activities are done to monitor the cost-effective delivery of Medicaid services for prudent stewardship of scarce dollars; to assess the required involvement of professionals in planning care to program beneficiaries; safeguard the quality of care, medical necessity and appropriateness of Medicaid services provided; and, to reduce the potential for fraud, waste and abuse.

DIVISION OF MEDICAID INVESTIGATIONS

The Division of Medicaid Investigations (DMI) investigates potential instances of fraud, waste, and abuse in the Medicaid program. DMI deters improper behavior by inserting covert and overt investigators into all aspects of the program, scrutinizing provider billing and services, and cooperating with other agencies to enhance enforcement opportunities. Disreputable providers are removed from the program or prevented from enrolling. Recipients abusing the system are not removed from this safety net, but their access to services is examined and restricted, as appropriate. DMI maximizes cost savings, recoveries, penalties, and improves the quality of care for the state's most vulnerable population.

DIVISION OF TECHNOLOGY AND BUSINESS AUTOMATION

The Division of Technology and Business Automation will continue to support the data needs for the OMIG in the form of audit and investigative support, data mining and analysis, system match and recovery, through the use of commercial data mining products and procurement of expert service consultants.

OFFICE OF COUNSEL TO THE MEDICAID INSPECTOR GENERAL

The Office of Counsel to the Medicaid Inspector General promotes the OMIG's overall statutory mission through timely, accurate and persuasive legal advocacy and counsel.

EXECUTIVE SUMMARY

BACKGROUND

Pursuant to Title XIX of the Social Security Act, the Medicaid program provides medical assistance to low-income individuals and individuals with disabilities. The federal and state governments jointly fund and administer the Medicaid program. In New York State, the Department of Health (DOH) administers the Medicaid program. As part of this responsibility, the OMIG conducts audits and reviews of various providers of Medicaid reimbursable services, equipment and supplies. These audits and reviews are conducted to determine if the provider complied with applicable laws, regulations, rules and policies of the Medicaid program as set forth by the Departments of Health and Mental Hygiene [Titles 10, 14 and 18 of the Official Compilation of Codes, Rules and Regulations of the State of New York] and the Medicaid Provider Manuals.

Pharmacy is a professional practice, which includes a number of activities that are necessary for the provision of drugs for patients as ordered by persons authorized under State law to prescribe drugs. Pharmacies, which are licensed and currently registered by the New York State Board of Pharmacy, Department of Education, may dispense drugs and other medical/surgical supplies. The pharmacy must comply with all applicable provisions of State Law including Article 137 of the Education Law, Articles 1 and 33 of the Public Health Law, and the Pharmacy Guide to Practice (Pharmacy Handbook) issued by the Department of Education. The specific standards and criteria for pharmacies are outlined in Title 10 NYCRR Parts 80 and 85.20-22 and Title 18 NYCRR Section 505.3. The MMIS Provider Manual for Pharmacy also provides program guidance for claiming Medicaid reimbursement for pharmacy services.

PURPOSE AND SCOPE

The purpose of this audit was to determine whether the Provider's claims for Medicaid reimbursement for pharmacy services complied with applicable federal and state laws, regulations, rules and policies governing the New York State Medicaid Program. With respect to pharmacy claims, this audit covered services paid by Medicaid from October 1, 2009 through December 31, 2011.

SUMMARY OF FINDINGS

We inspected a random sample of 100 services with \$5,8008.52 in Medicaid payments. Of the 100 services in our random sample, 8 services had at least one error and did not comply with state requirements. Of the 8 noncompliant services, one contained more than one deficiency. Specifics are as follows:

<u>Error Description</u>	<u>Number of Errors</u>
Invalid Fax Prescription/Fiscal Order	4
Missing Prescription	2
Pharmacy Billed in Excess of Prescribed Quantity	1
Pharmacy Billed for Different Drug Than Ordered	1
Pharmacy Billed for Different Strength than Ordered	1

Based on the procedures performed, the OMIG has determined the Provider was overpaid \$342.82 in sample overpayments with an extrapolated point estimate of \$237,687. The lower confidence limit of the amount overpaid is \$8,850.



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INTRODUCTION

BACKGROUND

Medicaid Program

Pursuant to Title XIX of the Social Security Act, the Medicaid program provides medical assistance to low-income individuals and individuals with disabilities. The Federal and State governments jointly fund and administer the Medicaid program.

New York State's Medicaid Program

In New York State, the Department of Health (DOH) is the State agency responsible for operating the Medicaid program. Within DOH, the Office of Health Insurance Programs administers the Medicaid program. DOH uses the electronic Medicaid New York Information system (eMedNY), a computerized payment and information reporting system, to process and pay Medicaid claims, including pharmacy claims.

As part of this responsibility, the OMIG conducts audits and reviews of various providers of Medicaid reimbursable services, equipment and supplies. These audits and reviews are conducted to determine if the provider complied with applicable laws, regulations, rules and policies of the Medicaid program as set forth by the Departments of Health and Mental Hygiene [Titles 10, 14 and 18 of the Official Compilation of Codes, Rules and Regulations of the State of New York] and the Medicaid Provider Manuals.

New York State's Pharmacy Program

Pharmacy is a professional practice, which includes a number of activities that are necessary for the provision of drugs for patients as ordered by persons authorized under State law to prescribe drugs. Pharmacies, which are licensed and currently registered by the New York State Board of Pharmacy, Department of Education, may dispense drugs and other medical/surgical supplies. The pharmacy must comply with all applicable provisions of State Law including Article 137 of the Education Law, Articles 1 and 33 of the Public Health Law, and the Pharmacy Guide to Practice (Pharmacy Handbook) issued by the Department of Education. The specific standards and criteria for pharmacies are outlined in Title 10 NYCRR Parts 80 and 85.20-22 and Title 18 NYCRR Section 505.3. The MMIS Provider Manual for Pharmacy also provides program guidance for claiming Medicaid reimbursement for pharmacy services.

PURPOSE, SCOPE, AND METHODOLOGY

Purpose

The purpose of this audit was to determine whether the Provider's claims for Medicaid reimbursement for pharmacy services complied with applicable Federal and State laws, regulations, rules and policies governing the New York State Medicaid Program and to verify that:

- Medicaid reimbursable services were rendered for the dates billed;
- appropriate rate or procedure codes were billed for services rendered;
- patient related records contained the documentation required by the regulations; and,
- claims for payment were submitted in accordance with DOH regulations and the appropriate Provider Manuals.

Scope

Our audit period covered payments to the Provider for pharmacy services paid by Medicaid from October 1, 2009 through December 31, 2011. Our audit universe consisted of 69,333 claims totaling \$4,800,895.86.

During our audit, we did not review the overall internal control structure of the Provider. Rather, we limited our internal control review to the objective of our audit.

Methodology

To accomplish our objective, we:

- reviewed applicable federal and state laws, regulations, rules and policies;
- held discussions with the Provider's management personnel to gain an understanding of the pharmacy program;
- ran computer programming application of claims in our data warehouse that identified 69,333 paid pharmacy claims, totaling \$4,800,895.86;
- selected a random sample of 100 services from the population of 69,333 services; and,
- estimated the overpayment paid in the population of 100 services.

For each sample selection we inspected, as available, the following:

- Medicaid electronic claim information
- Patient record, including, but not limited to:
 - Prescriptions
 - Fiscal Orders
 - Patient account receivable transaction ledger, including billing and collection procedures
 - Copies of registrations and licenses of supervising and other pharmacists; also, initials or other identifier used on prescription labels, for audit period
- Any additional documentation deemed by the Provider necessary to substantiate the Medicaid paid claim

LAWS, REGULATIONS, RULES AND POLICIES

The following are applicable Laws, Regulations, Rules and Policies of the Medicaid program referenced when conducting this audit:

- Departments of Health and Mental Hygiene [Titles 10, 14, and 18 of the Official Compilation of Codes, Rules and Regulations of the State of New York (10 NYCRR, 14 NYCRR, 18 NYCRR)].
- Medicaid Management Information System and eMedNY Provider Manual.
- Specifically, Title 18 NYCRR Section 540.6, Title 10 NYCRR Parts 80 and 85.20-22 and Title 18 NYCRR Section 505.3
- In addition to any specific detailed findings, rules and/or regulations which may be listed below, the following regulations pertain to all audits:

Regulations state: "By enrolling the provider agrees: (a) to prepare and to maintain contemporaneous records demonstrating its right to receive payment . . . and to keep for a period of six years from the date the care, services or supplies were furnished, all records necessary to disclose the nature and extent of services furnished and all information regarding claims for payment submitted by, or on behalf of, the provider . . . (e) to submit claims for payment only for services actually furnished and which were medically necessary or otherwise authorized under the Social Services Law when furnished and which were provided to eligible persons; (f) to submit claims on officially authorized claim forms in the manner specified by the department in conformance with the standards and procedures for claims submission; . . . (h) that the information provided in relation to any claim for payment shall be true, accurate and complete; and (i) to comply with the rules, regulations and official directives of the department."
18 NYCRR Section 504.3

Regulations state: "Fee-for-service providers. (1) All providers ... must prepare and maintain contemporaneous records demonstrating their right to receive payment . . . All records necessary to disclose the nature and extent of services furnished and the medical necessity therefor ... must be kept by the provider for a period of six years from the date the care, services or supplies were furnished or billed, whichever is later. (2) All information regarding claims for payment submitted by or on behalf of the provider is subject to audit for a period of six years from the date the care, services or supplies were furnished or billed, whichever is later, and must be furnished, upon request, to the department ... for audit and review."
18 NYCRR Section 517.3(b)

Regulations require that bills for medical care, services and supplies contain patient name, case number and date of service; itemization of the volume and specific types of care, services and supplies provided; the unit price and total cost of the care, services and supplies provided; and a dated certification by the provider that the care, services and supplies itemized have been in fact furnished; that the amounts listed are in fact due and owing; that such records as are necessary to disclose fully the extent of care, services and supplies provided to individuals under the New York State Medicaid program will be kept for a period of not less than six years from the date of payment; and that the provider understands that payment and satisfaction of this claim will be from Federal, State and local public funds and that he or she may

be prosecuted under applicable Federal and State laws for any false claims, statements or documents, or concealment of a material fact provided.

18 NYCRR Section 540.7(a)(1)-(3) and (8)

Regulations state: "An overpayment includes any amount not authorized to be paid under the medical assistance program, whether paid as the result of inaccurate or improper cost reporting, improper claiming, unacceptable practices, fraud, abuse or mistake."

18 NYCRR Section 518.1(c)

Regulations state: "Vendor payments for medical care and other items of medical assistance shall not be made unless such care or other items of assistance have been furnished on the basis of the appropriate authorization prescribed by the rules of the board and regulations of the department."

18 NYCRR Section 540.1

Regulations state: "The department may require repayment from the person submitting an incorrect or improper claim, or the person causing such claim to be submitted, or the person receiving payment for the claim."

18 NYCRR Section 518.3(a)

Regulations state: "The department may require repayment for inappropriate, improper, unnecessary or excessive care, services or supplies from the person furnishing them, or the person under whose supervision they were furnished, or the person causing them to be furnished...."

18 NYCRR Section 518.3(b)

Regulations state: "Medical care, services or supplies ordered or prescribed will be considered excessive or not medically necessary unless the medical basis and specific need for them are fully and properly documented in the client's medical record."

18 NYCRR Section 518.3(b)

AUDIT FINDINGS

This audit report incorporates consideration of any additional documentation and information presented in response to the Draft Audit Report dated November 19, 2015. Since you did not respond to the Draft Audit Report, the findings remain the same.

AUDIT FINDINGS DETAIL

The OMIG's review of Medicaid claims paid to the Provider from October 1, 2009 through December 31, 2011, identified 8 claims with at least one error, for a total sample overpayment of \$342.82 (Attachment C). This audit report incorporates consideration of any additional documentation and information presented in response to the Draft Audit Report dated November 19, 2015. Appropriate adjustments were made to the findings.

1. Invalid Fax Prescription/Fiscal Order

Regulations state: "...In addition to the requirements of section sixty-eight hundred ten of the education law or article thirty-three of this chapter, all prescriptions written in this state by a person authorized by this state to issue such prescriptions shall be on serialized official New York state prescription forms provided by the department..."

NYS Public Health Law Article 1 Title 2 Section 21

Regulations state that by enrolling the provider agrees to comply with the rules, regulations and official directives of the department. *18 NYCRR Section 504.3(i)*

Regulations state: "Drugs may be obtained only upon the written order of a practitioner, except for telephone and electronic orders for drugs filled in compliance with this section and 10 NYCRR Part 910." *18 NYCRR Section 505.3(b)(1)*

For Services Prior to 1/24/12:

Regulations state: "Written order or fiscal order are terms which are used interchangeably in this section and refer to any original, signed written order of a practitioner including any faxed transmitted order which requests a pharmacy to provide a drug to a medical assistance recipient. All written orders and fiscal orders shall comply with the provisions of Section 21 of the Public Health Law and regulations promulgated thereunder or contained in this section including but not limited to requirements for prescribing brand necessary drugs." *18 NYCRR Section 505.3(a)(6)*

For Services 8/7/06 Forward:

Medicaid policy states: "...The source fax number must be clearly visible on the fax that is received."

NYS Medicaid Program Pharmacy Manual Policy Guidelines Version 2006-1, Section II

In 4 instances pertaining to 4 recipients, the order was not a valid fax prescription/ fiscal order. For sample #s 48 and 62, the faxed prescription/fiscal order did not contain the source fax number and did not contain a prescriber imprint. For sample #s 16 and 87, the faxed prescription/fiscal order did not contain the source fax number.

2. Missing Prescription

Regulations state: "Drugs may be obtained only upon the written order of a practitioner, except for telephone and electronic orders for drugs filled in compliance with this section and 10 NYCRR Part 910." *18 NYCRR Section 505.3(b)(1)*

Regulations state: "When used in the context of an order for a prescription drug, the order must also meet the requirements for a prescription under section 6810 of the Education Law and 10 NYCRR Part 910." *18 NYCRR Section 505.3(b)(3)*

Regulations also state: "A pharmacy must keep on file the signed written order of the practitioner for audit by the department, or other authorized agency, for six years from the date of payment for any drug dispensed." *18 NYCRR Section 505.3(c)*

Regulations state: "All providers, who are not paid at rates or fees approved by the State Director of the Division of the Budget based upon their allowable costs of operation but who are paid in accordance with the rates, fees and schedules established by the department, must prepare and maintain contemporaneous records demonstrating their right to receive payment under the medical assistance program. All records necessary to disclose the nature and extent of services furnished and the medical necessity therefor, including any prescription or fiscal order for the service or supply, must be kept by the provider for a period of six years from the date the care, services or supplies were furnished or billed, whichever is later." *18 NYCRR Section 517.3(b)(1)*

For Services Prior to 1/24/12:

Regulations state: "Written order or fiscal order are terms which are used interchangeably in this section and refer to any original, signed written order of a practitioner including any faxed transmitted order which requests a pharmacy to provide a drug to a medical assistance recipient. All written orders and fiscal orders shall comply with the provisions of Section 21 of the Public Health Law and regulations promulgated thereunder or contained in this section including but not limited to requirements for prescribing brand necessary drugs." *18 NYCRR Section 505.3(a)(6)*

For Services 8/7/06 Forward:

Medicaid policy states: "Prescription drugs can be obtained by presenting a signed written order from a qualified prescriber."

NYS Medicaid Program Pharmacy Manual Policy Guidelines Version 2006-1, Section I

In 2 instances pertaining to 2 recipients, an original prescription was missing. This finding applies to sample #s 19 and 29.

3. Pharmacy Billed in Excess of Prescribed Quantity

State law establishes: "Any person, who . . . puts up a greater or lesser quantity of any ingredient specified in any such prescription, order or demand than that prescribed, ordered or demanded, except where required pursuant to paragraph (g) of subdivision two of section three hundred sixty-five-a of the social services law . . . is guilty of a misdemeanor." *Education Law Article 137 Section 6816.1.a*

Regulations state: "By enrolling the provider agrees...to submit claims on officially authorized claim forms in the manner specified by the department in conformance with the standards and procedures for claims submission" and "that the information provided in relation to any claim for payment shall be true, accurate and complete."

18 NYCRR Sections 504.3(f) and (h)

For Services 8/7/06 Forward:

Medicaid policy states that quantities for prescription drugs shall be dispensed in the amount prescribed, taking into consideration those drugs should be ordered in a quantity consistent with the health needs of the recipient and sound medical practice. For non-prescription drug and medical/surgical supply orders, if the ordering practitioner requests

a quantity that does not correspond to the pre-packaged unit, the pharmacist may supply the drug in the pre-packaged quantity that most closely approximates the ordered amount.

NYS Medicaid Program Pharmacy Manual Policy Guidelines Version 2006-1, Section I

In 1 instance, the pharmacy billed for a quantity that exceeded the prescribed quantity. This finding applies to sample # 29.

4. **Pharmacy Billed for Different Drug Than Ordered**

State law establishes: "Any person, who . . . substitutes or dispenses a different article for or in lieu of any article prescribed, ordered, or demanded, except where required pursuant to section sixty-eight hundred sixteen-a of this article . . . or otherwise deviates from the terms of the prescription, order or demand by substituting one drug for another, except where required pursuant to section sixty-eight hundred sixteen-a of this article, is guilty of a misdemeanor." *Education Law Article 137 Section 6816.1.a*

The Rules of the Board of Regents state that unprofessional conduct in the practice of pharmacy shall include "dispensing a written prescription which does not bear . . . the name, strength, if applicable, and the quantity of the drug prescribed; . . ."

8 NYCRR Section 29.7(a)(1)

The Rules of the Board of Regents state that unprofessional conduct in the practice of pharmacy shall also include "using or substituting without authorization one or more drugs in the place of the drug or drugs specified in a prescription."

8 NYCRR Section 29.7(a)(5)

Regulations state: "By enrolling the provider agrees...to submit claims on officially authorized claim forms in the manner specified by the department in conformance with the standards and procedures for claims submission" and "that the information provided in relation to any claim for payment shall be true, accurate and complete."

18 NYCRR Sections 504.3(f) and (h)

For Services 4/19/06 Forward:

Regulations state: "A practitioner may orally authorize a pharmacist to change information on an official New York State prescription form. This procedure shall not apply to the practitioner's signature, date the prescription was signed by the practitioner, drug name or name of the ultimate user..."

10 NYCRR Section 80.67(h)

Regulations state: "A practitioner may orally authorize a pharmacist to change information on a controlled substance prescription. This procedure shall not apply to the practitioner's signature, date the prescription was signed by the practitioner, drug name or name of the ultimate user..."

10 NYCRR Section 80.69(m)

In 1 instance, the pharmacy billed for a drug different than the drug ordered. This finding applies to sample #57.

5. **Pharmacy Billed for Different Strength than Ordered**

State law establishes: "Any person, who . . . substitutes or dispenses a different article for or in lieu of any article prescribed, ordered, or demanded, except where required pursuant to section sixty-eight hundred sixteen-a of this article . . . or otherwise deviates from the terms of the prescription, order or demand by substituting one drug for another,

except where required pursuant to section sixty-eight hundred sixteen-a of this article, is guilty of a misdemeanor.” *Education Law Article 137 Section 6816.1.a*

The Rules of the Board of Regents state that unprofessional conduct in the practice of pharmacy shall include: “Dispensing a written prescription which does not bear the name, address and age of the patient for whom it is intended; the date on which it was written; the name, strength, if applicable, and the quantity of the drug prescribed; directions for use, if applicable; and, the name, address, telephone number, profession and signature of the prescriber; provided that the pharmacist may record on the prescription the address and age of the patient, the strength and quantity of the drug prescribed, the directions for use and the prescriber’s address, telephone number and profession if these are missing or unclear...” *8 NYCRR Section 29.7(a)(1)*

The Rules of the Board of Regents state that unprofessional conduct in the practice of pharmacy shall include “using or substituting without authorization one or more drugs in the place of the drug or drugs specified in a prescription.” *8 NYCRR Section 29.7(a)(5)*

Regulations state: “By enrolling the provider agrees...to submit claims on officially authorized claim forms in the manner specified by the department in conformance with the standards and procedures for claims submission” and “that the information provided in relation to any claim for payment shall be true, accurate and complete.” *18 NYCRR Sections 504.3(f) and (h)*

For Services 4/19/06 Forward:

Regulations state, for Schedule II and certain other substances, that: “A practitioner may orally authorize a pharmacist to change information on an official New York State prescription form. This procedure shall not apply to the practitioner’s signature, date the prescription was signed by the practitioner, drug name or name of the ultimate user. The pharmacist shall write the date he or she received the oral authorization on the prescription, the reason for the change and his or her signature. The pharmacist shall also indicate the change on the prescription and initial the change.” *10 NYCRR Section 80.67(h)*

Regulations state: “A practitioner may orally authorize a pharmacist to change information on a controlled substance prescription. This procedure shall not apply to the practitioner’s signature, date the prescription was signed by the practitioner, drug name or name of the ultimate user. The pharmacist shall write the date he or she received the oral authorization on the prescription, reason for the change and his or her signature. The pharmacist shall also indicate the change on the prescription and initial the change.” *10 NYCRR Section 80.69(m)*

In 1 instance, the pharmacy billed for a different strength than ordered. This finding applies to sample #2.

PROVIDER RIGHTS

In accordance with 18 NYCRR Part 518 which regulates the collection of overpayments, your repayment options are described below. If you decide to repay the lower confidence limit amount of \$8,850, one of the following repayment options must be selected within 20 days from the date of this letter:

OPTION #1: Make full payment by check or money order within 20 days of the date of the final audit report. The check should be made payable to the New York State Department of Health and be sent with the attached Remittance Advice to:

[REDACTED]
New York State Department of Health
Medicaid Financial Management
GNARESP Corning Tower, Room 2739
File #15-2792
Albany, New York 12237

OPTION #2: Enter into a repayment agreement with the Office of the Medicaid Inspector General. If your repayment terms exceed 90 days from the date of the final audit report, recoveries of amounts due are subject to interest charges at the prime rate plus 2%. If the process of establishing the repayment agreement exceeds 20 days from the date of the final audit report, the OMIG will impose a 50% withhold after 20 days until the agreement is established. OMIG acceptance of the repayment agreement is based on your repaying the Medicaid overpayment as agreed. The OMIG will adjust the rate of recovery, or require payment in full, if your unpaid balance is not being repaid as agreed. In addition, if you receive an adjustment in your favor while you owe funds to the State, such adjustment will be applied against any amount owed. If you wish to enter into a repayment agreement, please contact the Bureau of Collections Management within 20 days at the following:

Bureau of Collections Management
New York State Office of the Medicaid Inspector General
800 North Pearl Street
Albany, New York 12204

[REDACTED]

If you choose not to settle this audit through repayment of the lower confidence limit, you have the right to challenge these findings by requesting an administrative hearing where the OMIG would seek and defend the point estimate of \$237,687. As allowed by state regulations, you must make your request for a hearing, in writing, within sixty (60) days of the date of this report to:

General Counsel
Office of Counsel
New York State Office of the Medicaid Inspector General
800 North Pearl Street
Albany, NY 12204

Questions regarding the request for a hearing should be directed to Office of Counsel, at [REDACTED].

Issues you may raise shall be limited to those issues relating to determinations contained in the final audit report. Your hearing request may not address issues regarding the methodology used to determine the rate, or any issue that was raised at a proceeding to appeal a rate determination.

At the hearing you have the right to:

- a) be represented by an attorney or other representative, or to represent yourself;
- b) present witnesses and written and/or oral evidence to explain why the action taken is wrong; and
- c) cross examine witnesses of the Department of Health and/or the OMIG.

The OMIG reserves the right to conduct further reviews of your participation in the Medicaid Program, take action where appropriate, and recover monies owed through the initiation of a civil lawsuit or other legal mechanisms including but not limited to the recovery of state tax refunds pursuant to Section 206 of the Public Health Law and Section 171-f of the State Tax Law.

**NEW YORK STATE
OFFICE OF THE MEDICAID INSPECTOR GENERAL
REMITTANCE ADVICE**

[REDACTED]
R. Drugs Etc. Inc.
222 Alexander Street
Suite 2700
Rochester, New York 14607

PROVIDER ID # **[REDACTED]**

AUDIT #15-2792

PHARMACY

SERVICES

PROVIDER
 RATE
 PART B
 OTHER:

AMOUNT DUE: \$8,850

CHECKLIST

1. To ensure proper credit, please enclose this form with your check.
2. Make checks payable to: *New York State Department of Health*
3. Record the Audit Number on your check.
4. Mail check to:

[REDACTED]
New York State Department of Health
Medicaid Financial Management
GNARESP Corning Tower, Room 2739
File #15-2792
Albany, New York 12237

Thank you for your cooperation.

SAMPLE DESIGN

Our sample design used for Audit #15-2792 was as follows:

- Universe - Medicaid claims for pharmacy services paid during the period October 1, 2009 through December 31, 2011.
- Sampling Frame - The sampling frame for this objective is the Medicaid electronic database of paid Provider claims for pharmacy services paid during the period October 1, 2009 through December 31, 2011.
- Sample Unit - The sample unit is a Medicaid claim paid during the period October 1, 2009 through December 31, 2011.
- Sample Design – Simple sampling was used for sample selection.
- Sample Size – The sample size is 100 services.

SAMPLE RESULTS AND ESTIMATES

Audit Statistics

Universe Size		69,333
Sample Size		100
Sample Value	\$	5,009.00
Sample Overpayments	\$	342.82
Confidence Level		90%

Extrapolation of Sample Findings

Sample Overpayments	\$	342.82
Sample Size		100
Mean Dollars in Error for Extrapolation Purposes	\$	3.4282
Universe Size		69,333
Point Estimate of Total Dollars	\$	237,687
Lower Confidence Limit	\$	8,850

OFFICE OF THE MEDICAID INSPECTOR GENERAL
R. DRUGS ETC. INC.
REVIEW OF PHARMACY SERVICES
AUDIT #: 15-2792
PROVIDER ID #: [REDACTED]
REVIEW PERIOD: 10/1/2009 - 12/31/2011

Sample Number	CIN #	Patient Initials	Date of Service	Procedure Formulary	Rx Number	Amount		Overpayment Extrapolated	DETAILED AUDIT FINDINGS					
						Paid	Derived		1. Invalid Fax Prescription/Fiscal Order	2. Missing Prescription	3. Pharmacy Billed in Excess of Prescribed Quantity	4. Pharmacy Billed for Different Drug Than Ordered	5. Pharmacy Billed for Different Strength than Ordered	
1			03/16/11	00536375610		\$ 1.61	\$ 1.61	\$ -						
2			04/12/11	00904516580		0.75	-	0.75						X
3			06/06/11	63868061301		0.39	0.39	-						
4			04/11/11	00677007110		0.80	0.80	-						
5			06/28/11	00603646921		5.47	5.47	-						
6			07/21/10	00603294832		6.30	6.30	-						
7			10/12/10	00093031101		5.50	5.50	-						
8			11/30/09	00008122230		111.24	111.24	-						
9			07/19/10	00074612390		123.94	123.94	-						
10			11/29/10	49884003510		5.99	5.99	-						
11			09/22/10	59011041010		108.46	108.46	-						
12			02/18/11	00536250676		4.47	4.47	-						
13			05/12/11	53746027205		6.91	6.91	-						
14			08/26/11	51672130005		9.63	9.63	-						
15			01/04/10	50383070016		19.48	19.48	-						
16			01/20/11	00536308610		0.95	-	0.95	X					
17			10/08/10	00406055201		61.08	61.08	-						
18			04/14/10	00591565810		8.41	8.41	-						
19			12/06/10	00071101668		145.90	-	145.90		X				
20			10/01/10	00487950125		7.50	7.50	-						
21			10/09/09	00143314205		5.49	5.49	-						
22			05/09/11	00574050811		3.85	3.85	-						
23			10/13/09	00029600922		6.53	6.53	-						
24			05/12/10	00006011754		120.20	120.20	-						
25			05/20/10	68180052002		8.81	8.81	-						

OFFICE OF THE MEDICAID INSPECTOR GENERAL
R. DRUGS ETC. INC.
REVIEW OF PHARMACY SERVICES
AUDIT #: 15-2792
PROVIDER ID #: [REDACTED]
REVIEW PERIOD: 10/1/2009 - 12/31/2011

Sample Number	CIN #	Patient Initials	Date of Service	Procedure Formulary	Rx Number	Amount		Overpayment Extrapolated	DETAILED AUDIT FINDINGS					
						Paid	Derived		1. Invalid Fax Prescription/Fiscal Order	2. Missing Prescription	3. Pharmacy Billed in Excess of Prescribed Quantity	4. Pharmacy Billed for Different Drug Than Ordered	5. Pharmacy Billed for Different Strength than Ordered	
26			07/26/10	00087278831		\$ 98.85	\$ 98.85	\$ -						
27			06/16/10	00173069600		203.60	203.60	-						
28			09/01/10	45802095243		7.55	7.55	-						
29			09/07/11	00406114410		56.61	-	56.61		X	X			
30			08/05/11	00049397060		233.07	233.07	-						
31			03/31/11	A4215		24.99	24.99	-						
32			11/23/09	00406055201		10.70	10.70	-						
33			02/24/10	00173068220		33.75	33.75	-						
34			04/05/10	00087277232		70.35	70.35	-						
35			11/15/10	57664047453		23.39	23.39	-						
36			01/04/10	00781122310		6.50	6.50	-						
37			05/17/10	68180051503		7.77	7.77	-						
38			07/30/10	45802088830		44.60	44.60	-						
39			04/28/10	45802088830		22.55	22.55	-						
40			10/14/10	00555902658		25.99	25.99	-						
41			09/08/10	49502050102		140.79	140.79	-						
42			05/12/10	00008121130		116.63	116.63	-						
43			10/27/10	49502069724		8.30	8.30	-						
44			03/17/10	68180035302		7.35	7.35	-						
45			03/26/10	00677007110		0.80	0.80	-						
46			06/08/10	29300012810		3.83	3.83	-						
47			09/13/10	00597003234		208.30	208.30	-						
48			02/15/10	00071015723		125.64	-	125.64	X					
49			01/27/11	59762307002		9.54	9.54	-						

OFFICE OF THE MEDICAID INSPECTOR GENERAL
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 REVIEW OF PHARMACY SERVICES
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 REVIEW PERIOD: 10/1/2009 - 12/31/2011

Sample Number	CIN #	Patient Initials	Date of Service	Procedure Formulary	Rx Number	Amount		Overpayment Extrapolated	DETAILED AUDIT FINDINGS					
						Paid	Derived		1. Invalid Fax Prescription/Fiscal Order	2. Missing Prescription	3. Pharmacy Billed in Excess of Prescribed Quantity	4. Pharmacy Billed for Different Drug Than Ordered	5. Pharmacy Billed for Different Strength than Ordered	
50			06/13/11	00185014501		30.80	30.80	-						
51			01/04/10	11523716203		\$ 21.38	\$ 21.38	\$ -						
52			09/10/10	50383070016		30.22	30.22	-						
53			06/10/11	64980015701		4.57	4.57	-						
54			03/30/11	00536406001		1.01	1.01	-						
55			09/17/10	10370010103		57.30	57.30	-						
56			10/12/10	50111099001		7.78	7.78	-						
57			02/01/10	00904125792		4.21	-	4.21				X		
58			03/25/11	55111019405		43.74	43.74	-						
59			05/14/10	00006011754		120.00	120.00	-						
60			04/18/11	68180035302		7.35	7.35	-						
61			07/12/10	59762501701		5.41	5.41	-						
62			07/29/10	53746046505		7.25	-	7.25	X					
63			01/20/11	00904792780		2.19	2.19	-						
64			09/01/11	00025152531		243.01	243.01	-						
65			04/04/11	00781227201		186.23	186.23	-						
66			08/09/10	00597008717		132.78	132.78	-						
67			02/22/11	00062192015		79.44	79.44	-						
68			10/29/09	63824000810		20.84	20.84	-						
69			11/16/09	50111099001		7.87	7.87	-						
70			12/28/10	45802088830		44.60	44.60	-						
71			01/26/10	57664013488		10.88	10.88	-						
72			06/21/10	64764024060		211.21	211.21	-						
73			07/11/11	50111044101		8.03	8.03	-						
74			07/29/11	00049399060		560.69	560.69	-						
75			02/23/11	00603082358		3.52	3.52	-						

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Sample Number	CIN #	Patient Initials	Date of Service	Procedure Formulary	Rx Number	Amount		Overpayment Extrapolated	DETAILED AUDIT FINDINGS				
						Paid	Derived		1. Invalid Fax Prescription/Fiscal Order	2. Missing Prescription	3. Pharmacy Billed in Excess of Prescribed Quantity	4. Pharmacy Billed for Different Drug than Ordered	5. Pharmacy Billed for Different Strength than Ordered
76	[REDACTED]	[REDACTED]	03/28/11	00310028060	[REDACTED]	\$ 140.41	\$ 140.41	\$ -					
77	[REDACTED]	[REDACTED]	09/13/11	00591024005	[REDACTED]	4.40	4.40	-					
78	[REDACTED]	[REDACTED]	10/20/11	00406036501	[REDACTED]	7.42	7.42	-					
79	[REDACTED]	[REDACTED]	11/01/10	64980015701	[REDACTED]	4.59	4.59	-					
80	[REDACTED]	[REDACTED]	02/14/11	00378363701	[REDACTED]	18.79	18.79	-					
81	[REDACTED]	[REDACTED]	11/01/10	00904516580	[REDACTED]	1.99	1.99	-					
82	[REDACTED]	[REDACTED]	06/17/11	00597005801	[REDACTED]	130.24	130.24	-					
83	[REDACTED]	[REDACTED]	03/10/11	59762502301	[REDACTED]	33.94	33.94	-					
84	[REDACTED]	[REDACTED]	06/24/11	00677007110	[REDACTED]	1.45	1.45	-					
85	[REDACTED]	[REDACTED]	06/30/11	65862015799	[REDACTED]	21.77	21.77	-					
86	[REDACTED]	[REDACTED]	02/01/10	00904770480	[REDACTED]	0.95	0.95	-					
87	[REDACTED]	[REDACTED]	05/14/10	00536406001	[REDACTED]	1.51	-	1.51	X				
88	[REDACTED]	[REDACTED]	07/01/10	00008122230	[REDACTED]	116.63	116.63	-					
89	[REDACTED]	[REDACTED]	11/11/10	00536375610	[REDACTED]	3.72	3.72	-					
90	[REDACTED]	[REDACTED]	10/05/09	00555901858	[REDACTED]	29.08	29.08	-					
91	[REDACTED]	[REDACTED]	02/22/10	29300012401	[REDACTED]	6.20	6.20	-					
92	[REDACTED]	[REDACTED]	04/15/11	00904585692	[REDACTED]	1.98	1.98	-					
93	[REDACTED]	[REDACTED]	04/19/11	45802088830	[REDACTED]	44.60	44.60	-					
94	[REDACTED]	[REDACTED]	10/04/10	00904585692	[REDACTED]	1.98	1.98	-					
95	[REDACTED]	[REDACTED]	11/19/09	00065401303	[REDACTED]	66.26	66.26	-					
96	[REDACTED]	[REDACTED]	12/11/09	50111099001	[REDACTED]	10.05	10.05	-					
97	[REDACTED]	[REDACTED]	06/09/10	00591565810	[REDACTED]	6.78	6.78	-					
98	[REDACTED]	[REDACTED]	04/06/10	00228266650	[REDACTED]	15.33	15.33	-					
99	[REDACTED]	[REDACTED]	02/07/11	00597007541	[REDACTED]	209.09	209.09	-					
100	[REDACTED]	[REDACTED]	10/04/10	57664050652	[REDACTED]	5.94	5.94	-					
Totals						\$ 5,008.52	\$ 4,665.70	\$ 342.82	4	2	1	1	1