



New Jersey Legislature
★ Office of LEGISLATIVE SERVICES ★
OFFICE OF THE STATE AUDITOR

EXECUTIVE SUMMARY

**DEPARTMENT OF HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES
NEW JERSEY FAMILYCARE
MEDICAID PHARMACY PROGRAM
July 1, 2017 to February 29, 2020**

We found the division had adequate procedures and controls in place to properly monitor fee-for-service (FFS) and managed care organization (MCO) pharmacy claims and prevent improper payments. However, we noted opportunities where improvements could be made. We found FFS and MCO pharmacy claims for controlled dangerous substances in which the prescriptions were dispensed beyond the expiration date of the script. We also found the division can improve controls that monitor pharmacy claims for possible “doctor shopping”, excess accumulation of medication by a beneficiary, and high volume prescriptions per beneficiary on a single date of service. In addition, the division should ensure all social security numbers are validated so that only eligible individuals receive Medicaid pharmacy services. Furthermore, we made observations concerning the Medicaid pharmacy program monitoring and cost.

AUDIT HIGHLIGHTS

- There are no controls or edits in place in either the FFS or the MCO pharmacy programs that would prevent a claim from being dispensed beyond the expiration date of the script. We found 696 FFS claims totaling \$59,000 and 47,467 MCO claims totaling \$5.1 million for controlled dangerous substances that appeared to have been dispensed beyond the expiration date of the scripts. The non-controlled substance claims for that same period totaled \$91,000 and consisted of 681 FFS claims and 1,939 MCO pharmacy claims. A sample of 155 controlled and non-controlled substance claims from this data found that 73 percent were dispensed beyond their expiration date.
- Doctor shopping occurs when beneficiaries visit multiple prescribers and/or pharmacies in an attempt to obtain more prescriptions for the same or similar drugs than a single prescriber would prescribe. We selected 71 instances totaling \$221,800 from a population of 36,336 instances of a beneficiary receiving prescriptions for the same drug from five or more prescribers across all MCOs, giving the appearance doctor shopping may have occurred. The MCOs agreed that doctor shopping may have occurred in 12 instances, totaling \$36,500; however, further review would be warranted.
- There is no edit in the FFS or the MCO pharmacy programs that considers the potential accumulation of medication from previous prescriptions that remain on hand when refilling those prescriptions based on the allowable utilization rate from the prior fill date, or for the dosage changes in prescription. We found approximately 36,000 instances where beneficiaries received in excess of a 395 day supply of medication for a one-year period totaling approximately \$30 million. We tested 135 total instances and found that the excess amount of medication should not have been dispensed for 12 percent of the beneficiaries.
- The division does not have system edits in place that would prevent, or warrant a review of, beneficiaries that are dispensed a high volume of prescriptions within a given time period for both the FFS and MCO pharmacy programs. Given the risk associated with the abuse and misuse of prescription drugs, particularly controlled substances, the division should monitor and review beneficiaries receiving a high volume of prescriptions within a given time period.
- According to the Utilization Review and Quality Management analysis completed by the FFS fiscal agent for the quarter ending June 30, 2016, a \$7.7 million reduction in MCO pharmacy claims could have been achieved by the MCOs had the claims been processed using the same prospective drug utilization review (PDUR) as the FFS pharmacy program. Both the MCO and the FFS pharmacy programs are in compliance with requirements as stated in the Social Security Act with regards to drug utilization reviews. However, the MCO pharmacy claims are not subjected to the additional PDUR as the FFS claims.

AUDITEE RESPONSE

The department generally concurs with our findings and recommendations.

For the complete audit report, click [here](#).