



FOR IMMEDIATE RELEASE

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Mississippi Board of Pharmacy Completes Audit of Optum for 2022 Claims

JACKSON, Mississippi-The MS Board of Pharmacy commissioned an audit of Optum commercial prescription drug claims for the calendar year 2022. The purpose of the audit was to assess compliance with MS statutes, including the Pharmacy Benefit Prompt Pay Act (§§ 73-21-151—73-21-163) and the Pharmacy Benefit Audit Integrity Act (§§ 73-21-175—73-21-191). In conjunction with its subcontractor, TFG Partners, HORNE conducted an audit and provided an audit report and a report on general business observations.

Select Audit Findings and Business Observations:

Post-Adjudication Claim Changes (audit): The audit did not discover instances of post-adjudication denials or reductions. Of note, the audit did not evaluate effective rate contractual true-up activities.

Clean Claims Compliance (audit): Late claims represented a minor fraction of the total claims processed, demonstrating high adherence to statutory requirements.

Pharmacy Audit Integrity Act Compliance (audit): The auditee conducted a total of 31 pharmacy audits during the review period. Of the 31 audits, 29 were desk audits at independent pharmacies. For our analysis, Optum reported no chain pharmacy desk audits were conducted. A total of 289 prescriptions were audited, with 261 (90%) being for brand-name medications. Pharmacies typically dispense a >80% mix of generic medicines. There are six instances of recoupment of dispensing fees against MS statute and three occurrences of the final audit report not containing the auditor's signature as required.

MAC Appeals Process Compliance (audit): A total of 3,144 appeals were filed, and more than 98 percent of them were denied. The primary reason for denial was the absence of acquisition cost information. However, 401 appeals were denied due to the auditee's assessment that the MAC price was accurate based on available pricing information. This appears in conflict with MS § 73-21-156.

Payments to Affiliate Pharmacies (audit): MS § 73-21-156 (5) states that affiliated pharmacies may not be reimbursed more than non-affiliates for providing the same pharmacy services. The analysis revealed 75,462 instances where non-affiliated pharmacies were paid less than an affiliate pharmacy's lowest payment during the 2022 study period. These numbers changed to 13,242 instances when like claims were evaluated within three days and 5,195 cases when only same-day like claims were assessed.

Proprietary MAC Lists (observation): MAC pricing was considered proprietary. The audit revealed that the auditee employs 49 distinct MAC lists. Of interest, 22 MAC lists were exclusive to pricing claims submitted at chain pharmacies, and 15 MAC lists were solely used at independent pharmacies. Analyzing 992 different GPI-12 codes between these exclusive lists revealed that, on average, independent pharmacies were reimbursed MAC rates that were 74% less than the average MAC reimbursement rate for chain pharmacies. Additionally, 97.7% of generic drugs were reimbursed at MAC at independent pharmacies compared to only 88% at chain pharmacies. Only 77.7% of generic drugs were reimbursed at MAC at affiliate pharmacies. This reflects that chains were reimbursed via a transparent AWP formula almost six times more often than independent

pharmacies. Affiliates experienced a transparent AWP formula over ten times more often than independent pharmacies and almost twice as often as chain pharmacies.

Zero Balance (observation): Zero balance is an industry term that reflects a patient paying all prescription costs and the insurer/PBM having no liability on the claim. Based on the higher chain MAC reimbursements noted in the analysis, for generic drugs, a patient paid the total claim cost 81.9% of the time at independent pharmacies versus only 63.4% of the time at chain pharmacies. Patients using an affiliated pharmacy only paid the total cost of their prescription 46.1% of the time.

Matched GPI Medications (audit data):

For generic GPI-matched medications, chain drug stores were paid 19% less than affiliate pharmacies, while independent pharmacies were paid 145% less than affiliate pharmacies during the audit period.

Matched GPI Examples:

Generic Azithromycin 250 mg #6 (Z-Pak)

Date	Pharmacy Type	Reimbursed Percent of Lowest Payment
10/31/2022	Affiliate	833.3%
10/31/2022	Non-Affiliate: Chain Pharmacy A, Store 1	761.1%
10/31/2022	Non-Affiliate: Chain Pharmacy A, Store 2	761.1%
10/31/2022	Non-Affiliate: Chain Pharmacy A, Store 3	761.1%
10/31/2022	Non-Affiliate: Chain Pharmacy A, Store 4	761.1%
10/31/2022	Non-Affiliate: Chain Pharmacy A, Store 5	761.1%
10/31/2022	Non-Affiliate: Chain Pharmacy A, Store 6	761.1%
10/31/2022	Non-Affiliate: Chain Pharmacy B	566.7%
10/31/2022	Non-Affiliate: Independent Pharmacy A	127.8%
10/31/2022	Non-Affiliate: Independent Pharmacy B	122.2%
10/31/2022	Non-Affiliate: Independent Pharmacy C	122.2%
10/31/2022	Non-Affiliate: Independent Pharmacy D	100.0%

Generic Omeprazole (Prilosec)

Date	Pharmacy Type	Reimbursed Percent of Lowest Payment per Unit
12/22/2022	Affiliate	2250.0%
12/22/2022	Non-Affiliate: Chain Pharmacy A, Store 1	2150.0%
12/22/2022	Non-Affiliate: Chain Pharmacy A, Store 2	2150.0%
12/22/2022	Non-Affiliate: Chain Pharmacy B, Store 1	2000.0%
12/22/2022	Non-Affiliate: Independent Pharmacy A	100.0%
12/22/2022	Non-Affiliate: Independent Pharmacy B	100.0%
12/22/2022	Non-Affiliate: Independent Pharmacy C	100.0%
12/22/2022	Non-Affiliate: Independent Pharmacy D	100.0%
12/22/2022	Non-Affiliate: Independent Pharmacy E	100.0%
12/22/2022	Non-Affiliate: Independent Pharmacy F	100.0%

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