



OHIO AUDITOR OF STATE
KEITH FABER



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Medicaid Contract Audit
88 East Broad Street
Columbus, Ohio 43215
(614) 466-3340
ContactMCA@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS OF THE MEDICAID PROGRAM APPLICABLE TO SELECT PAYMENTS FOR PHARMACY SERVICES

Ohio Department of Medicaid
50 West Town Street, Suite 400
Columbus, Ohio 43215

RE: Pharmacy at Eastway LLC
Ohio Medicaid Number: 3140416 NPI: 1104129667

We examined compliance with specified Medicaid requirements for provider qualifications and service documentation for selected payments related to the provision of pharmacy services during the period of January 1, 2019 through December 31, 2020 for Pharmacy at Eastway LLC (Eastway).

Eastway entered into an agreement with the Ohio Department of Medicaid (the Department) to provide services to Medicaid recipients and to adhere to the terms of the provider agreement, Ohio Revised Code, Ohio Administrative Code, and federal statutes and rules, including the duty to maintain all records necessary and in such form so as to fully disclose the extent of services provided and significant business transactions. Management of Eastway is responsible for its compliance with the specified requirements. The Compliance Section of this report identifies the specific requirements examined. Our responsibility is to express an opinion on Eastway's compliance with the specified Medicaid requirements for the selected payments in on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether Eastway complied, in all material respects, with the specified requirements referenced above. We are required to be independent of Eastway and to meet our ethical responsibilities, in accordance with the ethical requirements established by the AICPA related to our compliance examination.

An examination involves performing procedures to obtain evidence about whether Eastway complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our modified opinion. Our examination does not provide a legal determination on Eastway's compliance with the specified requirements.

Internal Control over Compliance

Eastway is responsible for establishing and maintaining effective internal control over compliance with the Medicaid requirements. We did not perform any test of the internal controls and we did not rely on the internal controls in determining our examination procedures. Accordingly, we do not express an opinion on the effectiveness of the Eastway's internal control over compliance.

Basis for Qualified Opinion

In total we examined 444 payments and the corresponding prescriptions. Of these prescriptions, 243 were oral prescriptions obtained via telephone or recording device/voice mail service. Our examination disclosed material non-compliance as 15 percent of the oral prescriptions tested did not contain the date the prescription was issued.

Qualified Opinion on Compliance

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, Eastway complied, in all material respects, with the select requirements for the selected payments for pharmacy services for the period of January 1, 2019 through December 31, 2020.

Our testing was limited to the specified Medicaid requirements detailed in the Compliance Section. We did not test other requirements and, accordingly, we do not express an opinion on Eastway's compliance with other requirements.

We identified improper Medicaid payments in the amount of \$14,075.07. This finding plus interest in the amount of \$2,079.45 (calculated as of January 18, 2023) totaling \$16,154.52 is due and payable to the Department upon its adoption and adjudication of this examination report. Services billed to and reimbursed by the Department, which are not validated in the records, are subject to recoupment through the audit process. See Ohio Admin. Code § 5160-1-27.

This report is intended solely for the information and use of Eastway, the Department and other regulatory and oversight bodies, and is not intended to be, and should not be used by anyone other than these specified parties.



Keith Faber
Auditor of State
Columbus, Ohio

January 18, 2023

COMPLIANCE SECTION

Background

Title XIX of the Social Security Act, known as Medicaid, provides federal cost-sharing for each State's Medicaid program. The rules and regulations for the program are specified in the Ohio Administrative Code and the Ohio Revised Code. Medicaid providers must "maintain all records necessary and in such form so as to fully disclose the extent of services provided and significant business transactions" for a period of six years from receipt of payment or until any audit initiated within the six year period is completed. Providers must furnish such records for audit and review purposes. See Ohio Admin. Code § 5160-1-17.2(D) and (E)

Eastway is a pharmacy with one location in Dayton, Ohio. Under the provider number examined, Eastway received payment of approximately \$6.2 million for over 42,000 services¹. Miami Valley Medical Supplies, Inc. is the sole member of Pharmacy at Eastway LLC

Purpose, Scope, and Methodology

The purpose of this examination was to determine whether Eastway's claims for payment complied with Ohio Medicaid regulations. Please note that all rules and code sections relied upon in this report were those in effect during the examination period and may be different from those currently in effect.

The scope of the engagement was limited to payments for pharmacy services as specified below for which Eastway billed with dates of service from January 1, 2019 through December 31, 2020 and received payment.

We obtained paid claims data from one of Ohio's managed care organizations and verified that the services were paid to Eastway's tax identification number. From the total paid services population, we identified and selected the following payments:

- One recipient date of service (RDOS)² in which 28 prescriptions were filled (Outlier RDOS Exception Test);
- For the top five recipients in terms of dollars paid, we selected 10 of the highest payments for each recipient (Highest Payments Exception Test); and
- For the top 10 recipients in terms of number of prescriptions filled, we selected two dates of service with the highest number of prescriptions for each recipient (Highest Number of Prescriptions Exception Test).

The exception tests are shown in **Table 1**.

Table 1: Exception Tests	
Universe	Selected Payments
Exception Tests	
Outlier RDOS	28
Highest Payments	50
Highest Number of Prescriptions	366
Total	444

¹ Payment data from one Medicaid managed care organization.

² A RDOS is defined as all services for a given recipient on a specific date of service.

Purpose, Scope, and Methodology (Continued)

A notification letter was sent to Eastway setting forth the purpose and scope of the examination. During the entrance conference, Eastway described its documentation practices and billing process. During fieldwork, we obtained an understanding of the pharmacy's information management system, reviewed service documentation and verified professional licensure. We sent preliminary results to Eastway and it subsequently submitted additional documentation which we reviewed for compliance prior to the completion of our fieldwork.

Results

The summary results are shown in **Table 2**. The non-compliance and basis for findings is discussed below in further detail.

Table 2: Results				
Universe	Payments Examined	Non-compliant Payments	Non-compliance Errors	Improper Payment
Exception Tests				
Outlier RDOS	28	3	3	\$431.22
Highest Payments	50	4	4	\$8,920.26
Highest Number of Prescriptions	366	41	41	\$4,723.59
Total	444	48	48	\$14,075.07

A. Provider Qualifications

Per Ohio Admin. Code § 5160-1-17.2(H), in signing the Medicaid provider agreement, a provider agrees that the individual practitioner or employee of the company is not currently subject to sanction under Medicare, Medicaid, or Title XX; or, is otherwise prohibited from providing services to Medicaid beneficiaries.

We received a label affixed to the prescription containing the dispensing pharmacists' initials for the initial dispensing of the drug, or if the drug was for a refill, an electronic dispensing record from Eastway's information management system. As the written initials on the labels were illegible and the electronic record did not contain the name of the dispensing pharmacist, we obtained a list of all pharmacists employed at Eastway during our examination period.

Eastway indicated that there was detailed dispensing information in the information management system which contained the initials of the dispensing pharmacist. To gain additional assurance, we selected ten payments and obtained the detailed dispensing information from Eastway's information management system and verified that the initials matched one of the pharmacists on the submitted employee list.

For the six pharmacists and one pharmacy technician trainee employed during the examination period, we compared these seven names to the Office of Inspector General exclusion database and the Department's exclusion/suspension list. We found no matches.

Per Ohio Admin. Code § 5160-1-17, practitioners licensed by an Ohio licensing board may enroll as a Medicaid provider in accordance with their active licensure and scope of practice as determined by the licensing entity. We confirmed that Eastway has a terminal pharmacy (category 3) license under the name The Pharmacy at Eastway and this license was current and valid during the examination period.

A. Provider Qualifications (Continued)

The person to whom the terminal distributor of dangerous drugs license has been issued and all pharmacists on duty are responsible for compliance with all state and federal laws, regulations, and rules governing the distribution of drugs and the practice of pharmacy. Pharmacist means an individual who holds a valid pharmacist license in accordance with Chapter 4729. of the Ohio Rev. Code. See Ohio Admin Code §§ 4729:1-1-01 and 4729:5-1-01.

We also verified via the e-License Ohio Professional Licensure System that all six pharmacists had a current and valid license on the first date found in our selected payments and was active during the remainder of the examination period. In addition, we verified that the pharmacy technician trainee had a current and valid license on the dates found on documents for our selected payments.

B. Service Documentation

We tested compliance with Ohio Admin. Code § 5160-9-06 which require all records of prescriptions to comply federal and state regulations and shall be retained by the provider for a period of six years from the date of payment of the claim and, if an audit is initiated during this time, records must be retained until the audit is resolved.

All outpatient prescriptions issued by a prescriber shall include, but are not limited to, the date as of and on the day when issued, indicate the drug name and strength, indicate the quantity to dispense and specify the number of times or the period in which the prescription may be refilled. See Ohio Admin. Code § 4729:5-5-15.

We obtained prescriptions and dispensing records from Eastway and compared it to the required elements. We also ensured the prescription was not expired at the time it was filled.

Outlier RDOS Exception Test

The 28 payments examined contained three instances in which an oral prescription did not contain the date the prescription was issued by the ordering prescriber or prescriber's agent. These three errors resulted in the improper payment amount of \$431.22.

Highest Paid Prescriptions Exception Test

The 50 payments examined contained the following errors:

- 2 instances in which the oral prescription did not contain the date the prescription was issued by the ordering prescriber or prescriber's agent;
- 1 instance in which there was no prescription to support the payment; and
- 1 instance in which there was no evidence that the drug was dispensed.

These four errors resulted in an improper payment of \$8,920.26.

Highest Number of Prescriptions Exception Test

The 366 payments examined contained 31 instances in which the oral prescription did not contain the date the prescription was issued by the ordering prescriber or prescriber's agent and 10 instances in which there was no prescription to support the payment. These 41 errors resulted in an improper payment of \$4,723.59.

Eastway indicated the transcriber of the oral prescriptions did not include the date in error and that the dispensing label contained the date. While we did note that the pharmacy's information management system contained a written date for the prescription, without a date on the prescription we could not verify that it was the prescription for the selected payment.

Pharmacy at Eastway LLC
Montgomery County
Independent Auditor's Report on
Compliance with Requirements of the Medicaid Program

Recommendation

Eastway should develop and implement procedures to ensure that all service documentation and billing practices fully complies with requirements contained in Ohio Medicaid rules. In addition, Eastway should implement a quality review process to ensure that documentation is complete and accurate prior to submitting claims for reimbursement. Eastway should address the identified issues to ensure compliance with Medicaid rules and avoid future findings.

Official Response

Eastway declined to submit an official response to the results noted above.

OHIO AUDITOR OF STATE KEITH FABER



PHARMACY AT EASTWAY LLC

MONTGOMERY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 3/14/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
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