



# **Office of Inspector General**

**Texas Health and Human Services Commission**

**Stuart W. Bowen, Jr., Inspector General**

## **Performance Audit Report**

**Walgreens #07371**

**December 15, 2015**

**IG Report No. 13-45-466273-VD-01**

# CONTENTS

Transmittal Letter	
Executive Summary .....	1
Detailed Findings .....	2
Invalid Claims: Unauthorized Strength Substitution for Two Claims .....	2
Invalid Claims: Missing Prescriptions for Eight Claims.....	2
Invalid Claims: Non Tamper-Resistant Prescriptions for Twenty-Two Claims .....	2
Invalid Claim: Non-Compliant Prescription for One Claim .....	4
Billing Errors: Overbillings for Two Claims .....	5
Quantity Error: Unauthorized Quantity Increase for One Claim .....	5
C-II Prescription Error: Non-Compliant C-II Prescription for One Claim .....	6
Warehouse Billing Errors: Pricing Information Unavailable for Fifty-Eight Claims .....	6
Invalid Claims: Incorrect Prescriber’s ID for Two Claims .....	7
Appendix A – Objectives, Scope, and Methodology.....	10
Appendix B – Sampling Methodology .....	11
Appendix C – Schedule of Findings	
Over/(Under) Payments for Low Dollar Claims.....	14
Over/(Under) Payments for Medium Dollar Claims .....	16
Over/(Under) Payments for High Dollar Claims .....	18
Appendix D – Report Distribution.....	19

## EXECUTIVE SUMMARY

The Health and Human Services Commission (HHSC), Inspector General (IG) Audit Division, has completed its performance audit of Walgreens Pharmacy #07371 (Vendor), contract number 466273, as specified in the Texas Administrative Code (TAC), Title 1, Part 15, Chapter 354, Subchapter F, Division 5, Section 354.1891.

### **Objectives**

The objectives of the audit were to determine if the Vendor accurately billed the Texas Medicaid Vendor Drug Program (VDP) and complied with contractual requirements and the TAC rules.

### **Background**

As part of the Texas Medical Assistance Program operated in accordance with the Title XIX of the Social Security Act, the VDP provides statewide outpatient pharmaceutical services to eligible recipients. Pharmaceutical services include the preparation, packaging, compounding, and labeling of covered legend and nonlegend drugs that appear in the latest revision of the Texas Drug Code Index. Contracted pharmacies and pharmacists provide the pharmaceutical services and submit claims for reimbursement to the HHSC through an electronic adjudication system. Payments made to the Vendor during the audit period reviewed totaled \$10,166,578.24.

### **Summary of Scope and Methodology**

The engagement covered the period of September 1, 2008 through August 31, 2011 and included obtaining an understanding of internal controls limited to the objectives described above. Additionally, IG examined pharmacy prescriptions, daily logs, and other applicable accounting records that supported the claims submitted for reimbursement. For sampling methodology, see Appendix B.

IG conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that IG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. IG believes the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

### **Conclusions**

The Vendor materially billed VDP accurately and complied with contractual requirements and the TAC rules.

## DETAILED FINDINGS

### **Invalid Claims: Unauthorized Strength Substitution for Two Claims**

The Vendor did not document the physicians' authorizations for strength substitutions for two prescriptions. The Vendor was over-paid for two claims. TAC requires the Vendor to document a physician's authorization for drug substitutions. The Texas Administrative Code, Title 1, Part 15, Chapter 354, Subchapter F, Division 3, Section 354.1851(a) states, "Substitution is legal only if and when authorized by the prescribing physician... (c) Substitution authorization must be completely documented on the prescription." The Vendor did not follow the criteria for documenting physician's authorization for drug substitutions.

#### **Recommendation**

The Vendor must ensure that prior authorization from the physician is obtained and documented when altering a prescription.

#### **Management's Response**

*Walgreens does not contest the findings of the Draft Audit Report regarding the claim cited for "Invalid Claims: Unauthorized Strength Substitution for Two Claims."*

### **Invalid Claims: Missing Prescriptions for Eight Claims**

Original prescriptions written by the physicians or phone orders to support the claims were not in the pharmacy's files for eight claims. The Vendor was over-paid for eight claims. TAC Title 1, Part 15, Chapter 354, Subchapter F, Division 4, Rule 354.1863(b) states that, "The pharmacist must ensure that the original prescription conforms to the Texas State Board of Pharmacy rules concerning the records to be maintained by a pharmacy. A signed prescription must be maintained in the dispenser's file and available for audit at any reasonable time..."

#### **Recommendation**

The Vendor should ensure that the original prescription records are maintained and available for audit at any reasonable time.

#### **Management's Response**

*Walgreens offers documentation to support all the findings cited for "Invalid Claim: Missing Prescriptions for Ten Claims" in Attachment A.*

#### **Auditor's Follow-up Comments**

Attachment A was reviewed. One prescription was reduced to the dispensing and administrative fees. Another prescription was also reduced and reclassified as an Incorrect Physician ID exception. A third prescription was reclassified as a Warehouse Billing Error. Eight claims remain in this finding.

## **Invalid Claims: Non Tamper-Resistant Prescriptions for Twenty-Two Claims**

The Vendor dispensed medications for twenty-two prescriptions written on non tamper-resistant paper. The claims were submitted without the Vendor confirming the security feature of the prescriptions resulting in payment based on invalid documentation. The TAC rule requires that effective April 1, 2008, tamper-resistant prescription paper should be used when prescribing any medication for Medicaid recipients. TAC Title 1, Part 15, Chapter 354, Subchapter F, Division 4, Rule §354.1863(c) states, "...prescriptions for covered pharmaceuticals submitted to a pharmacy in written form will be eligible for payment only if the prescription is executed on tamper-resistant prescription paper, as required by §1903(i)(23) of the Social Security Act (42 U.S.C. §1936b(i)(23))." In these instances, the Vendor did not follow the requirements for tamper-resistant prescriptions for Medicaid recipients.

### **Recommendation**

The Vendor should ensure that all prescriptions submitted for payment on or after April 1, 2008, be written on tamper-resistant paper.

### **Management's Response**

*The submitted documentation at Attachment B shows that more than 77% of the prescriptions listed under this exception clearly satisfy the tamper-resistant prescription pad*

*("TRPP") requirement. Nevertheless, Walgreens thinks the sheer magnitude of this particular error—namely, 37 claims for medically necessary, actually dispensed medication prescribed by dozens of different prescribers with an extrapolated point estimate exceeding \$812,000 — demonstrates a clear error in the audit process and a fundamental misunderstanding of Walgreens' "sticker-less" prescription record system (the "Electronic Record" system). This system is designed to allow Walgreens to more efficiently store and retrieve detailed prescription information ("Audit/Board of Pharmacy Reports") than a paper system allows. Walgreens agrees that OIG's testing for TRPPs is appropriate. However, Walgreens simply requests the opportunity to collaborate with OIG to develop a better sampling methodology and review process.*

*By way of background, almost nine years ago, Walgreens implemented the Electronic Record system, having received prior approval from the Texas Board of Pharmacy and Texas Medicaid, which both recognized the Electronic Record as the official pharmacy record. Since then, in response to numerous OIG pharmacy performance audits, Walgreens has since submitted hundreds of Audit/Board of Pharmacy Inspection Reports. Walgreens has also met with OIG and other state agencies several times to explain the system and develop process improvements aimed at increasing audit efficiency. Such meetings have included, for example, an overview presentation of the features and operations of the sticker-less Electronic Record system at the November 14, 2012 Informal Hearing for Walgreens Store #06861. Walgreens thinks another such conversation is warranted here.*

*As OIG is aware, the Electronic Record captures all information the Texas rules require that vendor pharmacies retain from the original prescription, including scanned images of the paper prescriptions. To ensure the prescription content and prescribers' signatures are captured legibly on such scans, Walgreens captures high-resolution, high-contrast black-and-white images from the original records. Regarding the audit exception at issue here, the trade-off for increased legibility is that the images can make it difficult to discern those tamper-resistant features required by rule to prevent: unauthorized copying; erasure and modification; and counterfeiting. 1 Tex. Admin. Code § 354.1863(c).*

Nevertheless, for a number of years, Walgreens pharmacy staff have operated under policies and procedures meant to ensure that Medicaid prescriptions are written on TRPPs using prospective (e.g., staff training, 100% TRPP verification prior to fill) and retrospective (e.g., supervisor spot-audit requirements) processes. For this reason, IG rarely cites Walgreens stores for TRPP audit exceptions. Indeed, a different IG auditor's review of Store #05269 (Conroe, Texas, response to Draft Performance Audit due July 28, 2014), found only one tamper-resistant exception from the same time period as Store #07371's, 37 TRPP exceptions.

Apart from the questionable validity of extrapolating this exception type to all claims in the sampled universe (which Walgreens believes is inappropriate), there is absolutely nothing about Store #07371 or the San Antonio market it serves to suggest that prescribers in that area rarely use TRPPs and prescribers in Conroe rarely fail to use TRPPs. Extrapolation is only as valid as the underlying uniformity of the sampled claims universe. Walgreens maintains that extrapolating the TRPP exception found in any audit relies on several significant unfounded assumptions, but extrapolation is especially suspect when, as here, a store is a significant outlier.

As stated, Walgreens does not suggest that OIG's testing for TRPPs is inappropriate. Rather, Walgreens believes a collaboratively designed sampling methodology and review process will increase transparency, promote fairness, and reduce audit-related expenses for both the OIG auditors and Walgreens staff.

#### **Auditor's Follow-up Comments**

Documents for Attachment B were reviewed. Eleven prescriptions identified as not tamper resistant exceptions were removed. Another prescription was reduced to the dispensing and administrative fee and reclassified as an Incorrect Physician ID. Three prescriptions were reclassified as Warehouse Billing Errors. Of the 22 remaining exceptions, two prescriptions were reduced to the dispensing and administrative fee.

#### **Invalid Claim: Non-Compliant Prescription for One Claim**

The Vendor did not comply with the prescription requirements by processing one prescription that was not dated by the prescriber. The pharmacist did not date the prescription making the Vendor non-compliant with the TAC Rule. As a result of this noncompliance, the Vendor was over-paid for one claim. TAC Title 22, Part 15, Chapter 291, Subchapter B, Rule 291.31 (7) states "Carrying out or signing a prescription drug order--The completion of a prescription drug order presigned by the delegating physician, or the signing of a prescription by an advanced practice nurse or physician assistant after the person has been designated with the Texas Medical Board by the delegating physician as a person delegated to sign a prescription. The following information shall be provided on each prescription:

- (A) patient's name and address;
- (B) name, strength, and quantity of the drug to be dispensed;
- (C) directions for use;
- (D) the intended use of the drug, if appropriate;
- (E) the name, address, and telephone number of the physician;
- (F) the name, address, telephone number, identification number, and if the prescription is for a controlled substance, the DEA number of the advanced practice nurse or physician assistant completing the prescription drug order;
- (G) the date; and
- (H) the number of refills permitted."

### **Recommendation**

The Vendor should only dispense prescriptions completed, to include the date written, as required by the TAC.

### **Management's Response**

*Walgreens does not contest the findings of the Draft Audit Report regarding the claim cited for "Invalid Claim: Non-Compliant Prescription for One Claim."*

### **Billing Errors: Overbillings for Two Claims**

The Vendor billed VDP more than once per month for two prescriptions. The Vendor dispensed and billed two prescriptions with the same drug, strength and quantity twice in the same month. The Vendor was over-paid for two claims. TAC Title 1, Part 15, Chapter 354, Subchapter W, Rule §354.3047 states, "...For recipients with access to unlimited prescriptions, the Vendor Drug program reimburses the provider dispensing a medication for a quantity that does not exceed a one month (thirty-four day) supply. Except for medications that may be too unstable to be dispensed as a one month supply, the Commission requires that the same drug in the same strength be dispensed no more than once per month...."

### **Recommendation**

The Vendor must ensure that prescriptions for the same drug in the same strength be dispensed no more than once per month.

### **Management's Response**

*Walgreens does not contest the findings of the Draft Audit report regarding the claim cited for "Billing Errors: Overbillings for Two Claims".*

### **Quantity Error: Unauthorized Quantity Increase for One Claim**

The Vendor dispensed a greater quantity of medication than prescribed by the physician for one claim. The Vendor failed to obtain the physician's prior authorization to increase the quantity of medication as required by the TAC. The Vendor did not ensure that the quantity ordered by the prescriber was dispensed. The claim was adjudicated with a quantity greater than prescribed. TAC Title 1, Part 15, Chapter 354, Subchapter F, Division 6, Rule §354.1901(b) states, "Providers must dispense the quantity prescribed or ordered by the prescriber except as limited by the policies and procedures described in the Commission's Pharmacy Provider Handbook." The Vendor did not follow the criteria to increase the quantity prescribed in this instance.

### **Recommendation**

The Vendor must obtain the physician's approval when altering the quantity prescribed.

### **Management's Response**

*Walgreens offers documentation to support the findings cited for "Quantity Error: Unauthorized Quantity Increase for One Claim", in the Attachment C.*

### **Auditor's Follow-up Comments**

Documents for Attachment C were reviewed. Documents submitted do not merit any quantity increase. Exception stands as Unauthorized Quantity Increase.

## **C-II Prescription Error: Non-Compliant C-II Prescription on One Claim**

The Vendor submitted a claim for one C-II prescription that was not signed or dated by the receiving pharmacist. The Pharmacist did not sign and date one C-II prescription as required by the TAC Rule. TAC Title 37, Part 1, Chapter 13, Subchapter D, Rule 13.75 states, "(a) Upon receipt of a properly completed official prescription form, a dispensing pharmacist must: ... (2) sign the prescription; (3) enter the date filled and the pharmacy prescription number." This noncompliance resulted in an overpayment for one claim.

### **Recommendation**

The Vendor must ensure that all required information are documented and completed prior to dispensing medication.

### **Management's Response**

*Walgreens does not contest the findings of the Draft Audit Report regarding the claim cited for "C-II Prescription Error: Non-Compliant C-II Prescription for One Claim".*

## **Warehouse Billing Errors: Pricing Information Unavailable for Fifty-Eight Claims**

The Vendor did not comply with the TAC requirement for providing purchase source documentation to show the final costs of drug purchases for fifty-eight prescriptions. The Vendor refused to provide the data necessary to complete the audit as required by the TAC rule and the Pharmacy Vendor Contract agreement. TAC Title 1, Part 15, Chapter 355, Subchapter J, Division 28, Rule 355.8541 (2)(B) states, "EAC is verifiable by invoice audit conducted by the HHSC to include necessary supporting documentation that will verify the final cost to the provider." The Vendor has a policy to redact pricing information from invoices furnished to HHSC. As a result, HHSC cannot verify the final cost to the Vendor. This noncompliance resulted in vendor overpayments for fifty-eight claims.

### **Recommendation**

The Vendor should comply with the TAC rules by providing supporting documentation for cost verification.

### **Management's Response**

*Walgreens disagrees with the Performance Audit Report findings regarding 54 claims cited for "Warehouse Billing Errors: Missing Supporting Invoices for Fifty-Four Claims." See Performance Audit Report, p. 4.*

*Walgreens disagrees with the Initial Audit Report finding recommending recovery of alleged overpayments for "Warehouse Billing Errors" due to "not allowed access to drug acquisition records" information to support thirty-two claims." Walgreens has a long-standing corporate practice of protecting its confidential and proprietary pricing information and so redacted the pricing information from invoices provided to OIG. It is Walgreens' understanding that manufacturers' prices (such as direct-to-pharmacy and central-purchase prices) are readily available to HHSC through manufacturer-provided pricing questionnaires. HHSC treats the manufacturer-provided pricing questionnaires as confidential; thus, Walgreens' publicly disclosing such pricing information through OIG audit places Walgreens at a competitive disadvantage and harms its business standing with manufacturers and wholesalers. Furthermore, it is Walgreens' understanding that HHSC bases Medicaid*

*pharmacy claims reimbursement on confidential manufacturer-reported data, and pricing reflected on Walgreens' invoices is not relevant to support pharmacy-claim reimbursement.*

*Walgreens welcomes the opportunity to discuss with OIG assistance Walgreens may offer in verifying confidential manufacturer pricing information, but disagrees with recoupment of monies paid based on Walgreens' longstanding corporate practice of protecting the confidential and proprietary nature of its own pricing information.*

*Walgreens further disagrees with the Draft Audit Report finding related to calculation of "audited cost" for those claims that OIG cites for "invoices not provided." It is unclear to Walgreens which cost basis OIG used to determine "audited cost." Walgreens requests further information from OIG on this point.*

*In addition, regarding the Draft Audit Report as a whole, Walgreens disagrees with OIG's sampling methodology, reserves the right to object to the extrapolated overpayment amount using Walgreens' own statistical analysis, and reserves the right to retain its own statistical expert to perform such analysis.*

### **Auditor's Follow-up Comments**

The Vendor agreed to provide medication invoices and medication acquisition documents in its contract with Vendor Drug Program. Also, the TAC requires the Vendor to provide drug acquisition records. Refer to the finding for the applicable cites. The documents provided by the Vendor were incomplete documents. The documents lacked medication pricing and identifiable information as being from the wholesaler. As a result, these documents do not comply with the contract nor with the TAC rules; therefore, the associated questioned costs are disallowed.

### **Invalid Claims: Incorrect Prescriber's Identification Number for Two Claims**

The Vendor submitted and billed two prescriptions with incorrect prescriber identification numbers. As a result, the Vendor was over-paid for two claims. The Texas Administrative Code, Title 1, Part 15, Chapter 354, Subchapter F, Division 2, Rule §354.1835 states, "Vendors must enter the identification number of the prescriber, as listed with the appropriate medical specialty board, on each claim." The Vendor was not compliant with the TAC rule when the claims were submitted.

### **Recommendation**

The Vendor must ensure that the correct prescriber identification number is used in submitting claims to the Vendor Drug program.

### **Management's Response**

*Walgreens does not contest the findings regarding the claim cited for Rx # [REDACTED] date of service [REDACTED].*

*Walgreens does, however, offer documentation to contest the finding cited for Rx # [REDACTED] date of service [REDACTED]. This claim was originally billed with prescriber ID number 24804. This is the correct prescriber number. Additional documentation is attached.*

### **Auditor's Follow-up Comments**

Documents submitted were reviewed. It was confirmed that the physician's number billed is for a DDS, and the supervising physician on the prescription is an MD. No change to the finding.

**Additional Notes Provided by Management**

*Walgreens appreciates the opportunity to respond to the draft findings of the Initial Audit Report. In responding to the Initial Audit Report findings, Walgreens specifically reserves and does not waive its right to appeal any aspect of the final audit report, including but not limited those portions of the final audit report not addressed herein, and including but not limited to the right to request either an informal hearing or additional desk review of any aspect of OIG's final audit report, as per 1 Tex. Admin. Code § 354.1891(c).*

## **APPENDICES**

## **OBJECTIVES, SCOPE, AND METHODOLOGY**

### **Objectives**

The objectives of the examination were to determine if the Vendor accurately billed the Texas Medicaid VDP and complied with contractual requirements and the TAC rules.

### **Scope**

The engagement covered the period of September 1, 2008 through August 31, 2011. During the engagement, IG did not review all internal controls. IG limited the internal control review to the objectives described above.

### **Methodology**

An engagement letter was issued to the Vendor outlining the understanding of the IG with respect to the audit of paid claims submitted by the Vendor for reimbursement. To obtain an understanding of the Vendor's internal controls, an internal control questionnaire was completed and observations were made throughout the audit. Additionally, IG examined prescriptions, daily logs, and other applicable accounting records that supported the claims submitted for reimbursement. Professional judgment was exercised in planning, executing, and reporting the results of our audit.

### **Criteria**

- Texas Administrative Code, Title 1, Part 15, Chapter 354, Subchapter F, Divisions 1 through 7, Sections 354.1801 through 354.1928; Chapter 355, Subchapter J, Division 28
- Texas Vendor Drug Contract
- Vendor Drug Program Pharmacy Provider Handbook, March 1, 2006
- Texas Drug Code Index
- Texas State Board of Pharmacy rules and regulations
- Health and Safety Code, Title 6, Subtitle C, Chapter 481, Subchapter A
- Texas Occupations Code, Section 251.003 and Section 258.053
- Revisions and updates to the aforementioned materials and information
- Notices or bulletins issued by the VDP concerning Medicaid pharmaceutical drug benefits

### **Team Members**

Kacy J. VerColen, CPA, Audit Director  
Bobby Lane, CFE, CIGA, CICA, Manager, Contract Audit  
Lisa Kanette Blomberg, CPA, CIGA, Audit Manager  
Rifat Ameen, Lead Auditor  
Emery L. Hizon, Auditor

## **SAMPLING METHODOLOGY**

### **Summary of Sample Methodology**

IG used statistically valid random sampling to determine the extent to which the Vendor correctly billed the VDP for Medicaid prescription claims. IG conducted its sampling methodology in accordance with guidance from CMS Medicare Program Integrity Manual Chapter 8 - Administrative Actions and Statistical Sampling for Overpayment Estimates and guidance issued by the American Institute of Certified Public Accountants and Statements on Auditing Standards (SAS), Number 39. To determine the final extrapolated recoupment amount owed by the Vendor, IG utilized RAT-STATs Stratified Variable Appraisal functionality to evaluate the results of the samples. In order to ensure proper evaluation of the entire population, IG broke the population into three groups, the first two being a population for low dollar transactions, and a population for medium dollar transactions. Each population was then split into 13 strata. Sample sizes were calculated for each stratum in each population group. In any stratum containing only a single sample item, extrapolation was excluded for that stratum and any errors were calculated on a dollar-for-dollar basis. The third group consisted of high dollar transactions, and was tested in its entirety on a dollar-for-dollar basis. The results for the low, medium, and high dollar populations can be found in Tables A, B, and C of Appendix B.

### **Sampling Frame**

The sampling frame (population) was the Vendor's claims paid by the HHSC that had a "Date of Service" in the audit period of September 1, 2008 through August 31, 2011. The low dollar sample frame consisted of all paid claims less than or equal to \$513.62. The medium dollar sample frame consisted of all paid claims greater than \$514.92 and less than or equal to \$3,773.22. The high dollar sample frame consisted of all paid claims greater than or equal to \$4,008.87.

### **Sample Unit**

The sample unit was a paid claim. A paid claim is a prescription dispensed to a Medicaid recipient by a contracted Vendor or Pharmacist for which the HHSC paid the Vendor and the "Date of Service" was in the audit period of September 1, 2008 through August 31, 2011.

### **Sample Results**

To estimate the potential dollar value of billing errors, IG tested 316 claims, of which 97 constituted exceptions. To achieve valid sampling results, the population was separated into low, medium and high dollar claims. Of the 294 claims randomly tested, 153 were in the low dollar population, and 141 claims were in the medium dollar population. In addition, there were 22 high dollar claims, all of which were tested on a dollar-for-dollar basis. Of the 97 exceptions, 27 were from the low dollar claims, 51 were from the medium dollar claims and 19 were from the high dollar claims. The exceptions for low dollar and medium dollar claims were categorized in two parts, a dollar-for-dollar population and an extrapolated population. The low dollar tested claims consisted of 6 dollar-for-dollar tested claims from the dollar-for-dollar population, and 147 randomly sampled claims from the extrapolated population. The medium dollar tested claims consisted of 3 dollar-for-

## APPENDIX B (cont.)

dollar tested claims from the dollar-for-dollar population, and 138 randomly sampled claims from the extrapolated population. The total recoupment amounts for low dollar claims and medium dollar claims were calculated to be \$276,545.21 and \$159,930.28 respectively. The high dollar exceptions resulted in a recoupment amount of \$8,515.05. This resulted in a total combined recoupment amount of \$444,990.54 (\$276,545.21 plus \$159,930.28 plus \$8,515.05).

During the engagement, IG identified the following instances of noncompliance for the claims:

Findings Type	Low Dollar Findings	Medium Dollar Findings	High Dollar Findings	Total Findings
<b>Invalid Claims:</b>				
Incorrect Prescriber's ID	2	0	0	2
Unauthorized Strength Substitutions	1	1	0	2
Missing Prescriptions	4	3	1	8
Non-Tamper Resistant Prescriptions	5	17	0	22
Non-Compliant Prescription	1	0	0	1
<b>Billing Errors:</b>				
Overbillings	1	1	0	2
<b>Quantity Error:</b>				
Unauthorized Quantity Increase	0	1	0	1
<b>C-II Prescription Error:</b>				
Non-Compliant C-II Prescription	1	0	0	1
<b>Warehouse Billing Errors:</b>				
Pricing Information Unavailable	12	28	18	58
<b>Total</b>	<b>27</b>	<b>51</b>	<b>19</b>	<b>97</b>

See the Detailed Findings section of this report for details.

**Table A**

<b>Total Population Paid and Recoupment Statistics (Low Dollar)</b>	
Total Paid Dollar Amount in Extrapolation Population	\$ 6,813,453.67
Total Paid Dollar Amount in Dollar-For-Dollar Population	\$ 1,822,190.58
<b>Total Population Paid Dollar Amount</b>	<b>\$ 8,635,644.25</b>
Total Recoupment Amount from Extrapolation Population Using RAT-STATs 2007 Stratified Variable Appraisal (Calculated at lower limit of 90% confidence interval)	\$ 276,517.00
Total Recoupment Amount from Dollar-For-Dollar Population	\$ 28.21
<b>Total Population Recoupment Amount</b>	<b>\$ 276,545.21</b>

**Table B**

<b>Total Population Paid and Recoupment Statistics (Medium Dollar)</b>	
Total Paid Dollar Amount in Extrapolation Population	\$ 1,342,500.85
Total Paid Dollar Amount in Dollar-For-Dollar Population	\$ 84,183.05
<b>Total Population Paid Dollar Amount</b>	<b>\$ 1,426,683.90</b>
Total Recoupment Amount from Extrapolation Population Using RAT-STATs 2007 Stratified Variable Appraisal (Calculated at lower limit of 90% confidence interval)	\$ 159,889.00
Total Recoupment Amount from Dollar-For-Dollar Population	\$ 41.28
<b>Total Population Recoupment Amount</b>	<b>\$ 159,930.28</b>

**Table C**

<b>Total Population Paid and Recoupment Statistics (Dollar-For-Dollar)</b>	
Total Paid Dollar Amount in Extrapolation Population	\$ -
Total Paid Dollar Amount in Dollar-For-Dollar Population	\$ 104,250.09
<b>Total Population Paid Dollar Amount</b>	<b>\$ 104,250.09</b>
Total Recoupment Amount from Extrapolation Population Using RAT-STATs 2007 Stratified Variable Appraisal (Calculated at lower limit of 90% confidence interval)	\$ -
Total Recoupment Amount from Dollar-For-Dollar Population	\$ 8,515.05
<b>Total Population Recoupment Amount</b>	<b>\$ 8,515.05</b>

Please note: Additional details regarding the samples and extrapolations will be provided upon request.

**Schedule of Findings**  
**Walgreens Pharmacy #07371**  
**Vendor Number: 466273**  
**Over/Under Payments for Low Dollar Claims**

Client Number	Prescription Number	Fill Date	Amount Paid	Audited Cost	Over/(Under) Payments	Comments
████████	████████	████████	\$28.36	\$20.30	\$8.06	Incorrect Prescriber's ID*
████████	████████	████████	17.42	9.65	7.77	Incorrect Prescriber's ID*
		Sub Total	\$45.78	\$29.95	\$15.83	
████████	████████	████████	\$81.10	\$0.00	\$81.10	Unauthorized Strength Substitution
		Sub Total	\$81.10	\$0.00	\$81.10	
████████	████████	████████	\$11.32	\$0.00	\$11.32	Missing Prescription
████████	████████	████████	19.99	13.08	6.91	Missing Prescription*
████████	████████	████████	140.50	0.00	140.50	Missing Prescription
████████	████████	████████	211.13	0.00	211.13	Missing Prescription
		Sub Total	\$382.94	\$13.08	\$369.86	
████████	████████	████████	\$12.08	\$4.34	\$7.74	Non- Compliant Prescription *
		Sub Total	\$12.08	\$4.34	\$7.74	
████████	████████	████████	\$2.20	\$0.00	\$2.20	Non Tamper-Resistant Prescription
████████	████████	████████	50.35	0.00	50.35	Non Tamper-Resistant Prescription
████████	████████	████████	10.00	0.00	10.00	Non Tamper-Resistant Prescription
████████	████████	████████	11.59	2.13	9.46	Non Tamper-Resistant Prescription*
████████	████████	████████	9.97	0.00	9.97	Non Tamper-Resistant Prescription
		Sub Total	\$84.11	\$2.13	\$81.98	
████████	████████	████████	\$8.71	\$1.11	\$7.60	Billing Error - Overbilling *
		Sub Total	\$8.71	\$1.11	\$7.60	
████████	████████	████████	\$134.93	\$0.00	\$134.93	Non-Compliant C-II Prescription
		Sub Total	\$134.93	\$0.00	\$134.93	

**Schedule of Findings**  
**Walgreens Pharmacy #07371**  
**Vendor Number: 466273**  
**Over/Under Payments for Low Dollar Claims**

Client Number	Prescription Number	Fill Date	Amount Paid	Audited Cost	Over/(Under) Payments	Comments
██████	██████	██████	\$59.03	\$56.53	\$2.50	Pricing Information Unavailable
██████	██████	██████	216.49	211.62	4.87	Pricing Information Unavailable
██████	██████	██████	52.79	47.95	4.84	Pricing Information Unavailable
██████	██████	██████	49.41	45.44	3.97	Pricing Information Unavailable
██████	██████	██████	97.60	86.81	10.79	Pricing Information Unavailable
██████	██████	██████	13.99	13.66	0.33	Pricing Information Unavailable
██████	██████	██████	74.62	67.45	7.17	Pricing Information Unavailable
██████	██████	██████	41.04	40.42	0.62	Pricing Information Unavailable
██████	██████	██████	82.02	74.06	7.96	Pricing Information Unavailable
██████	██████	██████	120.18	113.56	6.62	Pricing Information Unavailable
██████	██████	██████	270.90	242.69	28.21	Pricing Information Unavailable
██████	██████	██████	18.91	18.26	0.65	Pricing Information Unavailable
Sub Total			\$1,096.98	\$1,018.45	\$78.53	
Total			\$1,846.63	\$1,069.06	\$777.57	

\*Adjusted dispensing and administrative fee from amount paid.

APPENDIX C (cont.)

**Schedule of Findings**  
**Walgreens Pharmacy #07371**  
**Vendor Number: 466273**  
**Over/Under Payments for Medium Dollar Claims**

Client Number	Prescription Number	Fill Date	Amount Paid	Audited Cost	Over/(Under) Payments	Comments
██████	██████	██████	\$589.80	\$0.00	\$589.80	Missing Prescription
██████	██████	██████	1,101.53	0.00	1,101.53	Missing Prescription
██████	██████	██████	638.79	0.00	638.79	Missing Prescription
		Sub Total	\$2,330.12	\$0.00	\$2,330.12	
██████	██████	██████	\$570.27	\$0.00	\$570.27	Non Tamper-Resistant Prescription
██████	██████	██████	570.27	0.00	570.27	Non Tamper-Resistant Prescription
██████	██████	██████	871.96	0.00	871.96	Non Tamper-Resistant Prescription
██████	██████	██████	1,785.48	1,666.47	119.01	Non Tamper-Resistant Prescription*
██████	██████	██████	754.44	0.00	754.44	Non Tamper-Resistant Prescription
██████	██████	██████	737.63	0.00	737.63	Non Tamper-Resistant Prescription
██████	██████	██████	702.63	0.00	702.63	Non Tamper-Resistant Prescription
██████	██████	██████	570.08	0.00	570.08	Non Tamper-Resistant Prescription
██████	██████	██████	821.94	0.00	821.94	Non Tamper-Resistant Prescription
██████	██████	██████	1,582.74	0.00	1,582.74	Non Tamper-Resistant Prescription
██████	██████	██████	1,785.93	0.00	1,785.93	Non Tamper-Resistant Prescription
██████	██████	██████	877.75	0.00	877.75	Non Tamper-Resistant Prescription
██████	██████	██████	554.59	0.00	554.59	Non Tamper-Resistant Prescription
██████	██████	██████	1,509.20	0.00	1,509.20	Non Tamper-Resistant Prescription
██████	██████	██████	1,509.20	0.00	1,509.20	Non Tamper-Resistant Prescription
██████	██████	██████	1,593.83	0.00	1,593.83	Non Tamper-Resistant Prescription
██████	██████	██████	547.70	0.00	547.70	Non Tamper-Resistant Prescription
		Sub Total	\$17,345.64	\$1,666.47	\$15,679.17	
██████	██████	██████	\$854.50	\$0.00	\$854.50	Unauthorized Strength Substitution
		Sub Total	\$854.50	\$0.00	\$854.50	
██████	██████	██████	\$642.49	\$622.14	\$20.35	Billing Error - Overbilling
		Sub Total	\$642.49	\$622.14	\$20.35	
██████	██████	██████	\$589.86	\$372.96	\$216.90	Unauthorized Quantity Increase
		Sub Total	\$589.86	\$372.96	\$216.90	

Schedule of Findings  
Walgreens Pharmacy #07371  
Vendor Number: 466273

Over/Under Payments for Medium Dollar Claims

Client Number	Prescription Number	Fill Date	Amount Paid	Audited Cost	Over/(Under) Payments	Comments
			\$622.52	\$603.85	\$18.67	Pricing Information Unavailable
			594.99	531.60	63.39	Pricing Information Unavailable
			635.36	598.43	36.93	Pricing Information Unavailable
			1,156.05	1,080.38	75.67	Pricing Information Unavailable
			1,593.83	1,475.27	118.56	Pricing Information Unavailable
			563.70	503.69	60.01	Pricing Information Unavailable
			755.74	711.74	44.00	Pricing Information Unavailable
			900.75	815.88	84.87	Pricing Information Unavailable
			1,024.69	988.65	36.04	Pricing Information Unavailable
			1,691.45	1,576.55	114.90	Pricing Information Unavailable
			692.39	618.49	73.90	Pricing Information Unavailable
			599.65	588.04	11.61	Pricing Information Unavailable
			524.80	515.11	9.69	Pricing Information Unavailable
			524.80	515.11	9.69	Pricing Information Unavailable
			930.12	912.04	18.08	Pricing Information Unavailable
			927.37	909.35	18.02	Pricing Information Unavailable
			856.89	765.90	90.99	Pricing Information Unavailable
			2,121.05	2,079.77	41.28	Pricing Information Unavailable
			558.02	547.23	10.79	Pricing Information Unavailable
			564.91	553.99	10.92	Pricing Information Unavailable
			539.17	507.90	31.27	Pricing Information Unavailable
			827.92	771.26	56.66	Pricing Information Unavailable
			1,165.22	1,080.38	84.84	Pricing Information Unavailable
			884.02	832.22	51.80	Pricing Information Unavailable
			1,120.95	1,003.62	117.33	Pricing Information Unavailable
			1,715.40	1,681.92	33.48	Pricing Information Unavailable
			1,605.57	1,558.57	47.00	Pricing Information Unavailable
			1,884.77	1,774.23	110.54	Pricing Information Unavailable
		Sub Total	\$27,582.10	\$26,101.17	\$1,480.93	
		Total	\$49,344.71	\$28,762.74	\$20,581.97	

\*Adjusted dispensing and administrative fee from amount paid.

**Schedule of Findings**  
**Walgreens Pharmacy #07371**  
**Vendor Number: 466273**  
**Over/Under Payments for High Dollar Claims**

Client Number	Prescription Number	Fill Date	Amount Paid	Audited Cost	Over/(Under) Payments	Comments
			\$7,229.77	\$6,661.33	\$568.44	Missing Prescription
		Sub Total	\$7,229.77	\$6,661.33	\$568.44	
			\$5,061.42	\$4,962.32	\$99.10	Pricing Information Unavailable
			5,061.42	4,962.32	99.10	Pricing Information Unavailable
			5,060.30	4,961.24	99.06	Pricing Information Unavailable
			5,060.26	4,961.24	99.02	Pricing Information Unavailable
			5,059.19	4,960.14	99.05	Pricing Information Unavailable
			5,059.19	4,960.14	99.05	Pricing Information Unavailable
			4,825.34	4,305.39	519.95	Pricing Information Unavailable
			4,825.34	4,305.39	519.95	Pricing Information Unavailable
			4,825.34	4,305.39	519.95	Pricing Information Unavailable
			4,574.73	4,485.18	89.55	Pricing Information Unavailable
			4,574.01	4,305.39	268.62	Pricing Information Unavailable
			4,574.01	4,305.39	268.62	Pricing Information Unavailable
			4,360.71	3,362.79	997.92	Pricing Information Unavailable
			4,360.71	3,362.79	997.92	Pricing Information Unavailable
			4,360.71	3,362.79	997.92	Pricing Information Unavailable
			4,360.71	3,362.79	997.92	Pricing Information Unavailable
			4,360.71	3,362.79	997.92	Pricing Information Unavailable
			4,008.87	3,832.88	175.99	Pricing Information Unavailable
		Sub Total	\$84,372.97	\$76,426.36	\$7,946.61	
		Total	\$91,602.74	\$83,087.69	\$8,515.05	

**REPORT DISTRIBUTION**

*Health and Human Services Commission*

Andy Vasquez, Deputy Director  
Vendor Drug Program  
Medicaid and CHIP Division  
Mail Code H630  
4900 North Lamar Blvd.  
Austin, Texas 78751

Loretta Disney, R.Ph., Field Administration Manager  
Vendor Drug Program  
Medicaid and CHIP Division  
Mail Code H630  
4900 North Lamar Blvd.  
Austin, Texas 78751

Kimberly Royal, Team Lead for Pharmacy Contract  
Procurement & Contract Management  
Medicaid and CHIP Division  
Mail Code H330  
4900 North Lamar Blvd.  
Austin, Texas 78751

Priscilla Parrilla, Audit Coordinator  
Medicaid and CHIP Division  
Mail Code H630  
4900 North Lamar Blvd.  
Austin, Texas 78751

Nicole Guerrero, Internal Audit Director  
HHSC Internal Audit  
Mail Code BH1600  
4900 North Lamar Blvd.  
Austin, Texas 78751

Cecile Young, HHSC Chief of Staff  
Mail Code 1000  
4900 North Lamar Blvd.  
Austin, Texas 78751

## APPENDIX D (cont.)

Debbie Wilson  
HHSC Financial Reporting  
Mail Code 1485  
4900 North Lamar Blvd.  
Austin, Texas 78751

Dionne Barner  
HHSC-OIG, Litigation Associate Counsel  
Mail Code I-1358  
P.O. Box 85200  
Austin, Texas 78708

Steve Johnson  
HHSC-IG, Litigation Manager  
Mail Code I-1358  
P.O. Box 85200  
Austin, Texas 78708

Caroline Wilson  
HHSC-IG, Litigation Case Manager  
Mail Code I-1358  
P.O. Box 85200  
Austin, Texas 78708

### *Vendor*

Ms. Leslie Castillo, R.Ph.  
Walgreens Pharmacy #07371  
7019 S. Zarzamora St.  
San Antonio, Texas 78224

Wendy Nelson, Third Party Specialist  
Third Party Audits  
Walgreens Co.  
302 Wilmot Rd. MS 3348  
Deerfield, Illinois 60015