

# PUBLICATION

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## OIG May 2018 Work Plan Update

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The OIG added seven new items to its Work Plan in the May 2018 update. Among the issues addressed are emergency preparedness, the impact of generics on Medicaid drug rebates, reviews of claims for Part B outpatient cardiac and pulmonary rehabilitation services as well as non-invasive home ventilators, the need to follow up on a 2014 report regarding vulnerabilities in HHS's Small Business Innovation Research Program, and states' procurement of private contracting services for the Medicaid Management Information System.

### 2017 Hurricane Emergency Preparedness and Response Efforts

The OIG intends to review HHS's oversight and use of \$5.97 billion received in supplemental funds for preparedness and response efforts in connection with Hurricanes Harvey, Irma, and Maria. For the discretionary programs receiving the most funding, the OIG will identify internal controls related to hurricane preparedness and response and determine whether those controls were effectively implemented. The OIG's intention is to assess and audit HHS's primary risks for hurricane preparedness and response.

### Examining Healthcare Coalitions' Partnerships with Non-Hospital-Based Facilities in Community Preparedness Efforts

The OIG also intends to examine how Healthcare Coalitions are ensuring "a successful whole community response" to emergency situations by integrating non-hospital-based facilities into their emergency preparedness activities and strategies. The OIG noted that vulnerable populations frequently depend on non-hospital-based facilities during and after disasters and that previous studies have found these facilities often lack sufficient emergency response plans. In explaining the interplay between the emergency preparedness requirements imposed by CMS and those imposed via the Hospital Preparedness Program, which is administered by the Assistant Secretary for Preparedness and Response, the OIG noted that Healthcare Coalitions should create jurisdictional emergency response plans that consider the needs of vulnerable populations and leverage CMS-required emergency response plans. The OIG will assess the Assistant Secretary's oversight and support of Healthcare Coalitions' efforts to integrate non-hospital-based facilities.

### The Impact of Authorized Generics on Medicaid Drug Rebate

In certain circumstances, 42 C.F.R. § 447.506(b) requires primary manufacturers to include sales of authorized generic drugs to secondary manufacturers in their calculation of the average manufacturer price (AMP). The OIG will review certain drugs with authorized generics and determine how the inclusion of these sales affects Medicaid drug rebates. The OIG noted that prior work indicates that the inclusion may "greatly reduce" the AMP and lead to lower Medicaid rebates.

### Medicare Part B Outpatient Cardiac and Pulmonary Rehabilitation Services

The OIG intends to review Medicare payments for outpatient cardiac and pulmonary rehabilitation services. The OIG has previously found that claims did not comply with federal requirements and noted that Medicare requires these services to be medically necessary and to comply with certain documentation requirements.

### Non-invasive Home Ventilators – Compliance with Medicare Requirements

The OIG has seen "significant growth" in Medicare billing for non-invasive home ventilators, and intends to determine whether claims for these devices were supported by medical necessity and in compliance with Medicare's payment and documentation requirements. Explaining that non-invasive home ventilators can operate in several modes (including a traditional ventilator mode, a respiratory assist device (RAD) mode, and a continuous positive airway pressure (CPAP) mode), the OIG specifically noted that a non-invasive home ventilator may be improperly prescribed when a lower-cost, single-function alternative (such as a stand-alone RAD or CPAP) would be sufficient to treat the patient's condition.

**Recommendation Follow-up on the 2014 OIG Report Regarding Vulnerabilities in the HHS Small Business Innovation Research Program**

The OIG will review HHS's progress in ensuring compliance with the Small Business Innovation Research eligibility requirements and in improving the procedures to check for duplicative awards. The OIG found in a prior study that 31 percent of recipients in 2011 had questionable or unverified eligibility that only one of the four operating divisions checked for duplicative funding within HHS, and that none of the operating divisions checked for duplicative funding across other federal agencies. Since 1982, HHS has obligated and funded more than \$12.9 billion in awards under the Small Business Innovation Research program.

**States' Procurement of Private Contracting Services for the Medicaid Management Information System**

Finally, the OIG will investigate whether certain states followed the applicable requirements in procuring private contracting services in connection with their design, development, and operation of Medicaid Management Information Systems. These systems are an integrated group of procedures and computer operations designed to meet key objectives, including the processing of medical claims. Medicaid reimburses states' administrative costs at rates of 90 and 75 percent.

| Announced | Agency   | Title  | Component                            | Report Number(s) |
|-----------|--|--|--------------------------------------|------------------|
| May 2018  | Administration for Children and Families; Centers for Disease Control and Prevention; Health Resources and Services Administration | 2017 Hurricane Emergency Preparedness and Response Efforts   | Office of Audit Services             | W-00-18-59437    |
| May 2018  | Office of the Assistant Secretary for Preparedness and Response  | Examining Healthcare Coalitions' Partnerships with Non-Hospital-Based Facilities in Community Preparedness Efforts | Office of Evaluation and Inspections | OEI-04-18-00080  |
| May 2018  | Centers for Medicare & Medicaid  | The Impact of Authorized Generics on Medicaid Drug   | Office of Audit Services             | W-00-18-31499    |

|          | Services   | Rebates  |                                      |                 |
|----------|--|--|--------------------------------------|-----------------|
| May 2018 | Centers for Medicare & Medicaid Services             | Medicare Part B Outpatient Cardiac and Pulmonary Rehabilitation Services   | Office of Audit Services             | W-00-18-35808   |
| May 2018 | Centers for Medicare & Medicaid Services             | Noninvasive Home Ventilators – Compliance With Medicare Requirements   | Office of Audit Services             | W-00-18-35809   |
| May 2018 | Office of the Assistant Secretary for Administration | Recommendation Follow-up: 2014 OIG Report: Vulnerabilities in the HHS Small Business Innovation Research Program | Office of Evaluation and Inspections | OEI-04-18-00230 |
| May 2018 | Centers for Medicare & Medicaid Services             | States' Procurement of Private Contracting Services for the Medicaid Management Information System               | Office of Audit Services             | W-00-18-31532   |