

HDS IMPACT: A CASE IN POINT | OHIO MEDICAID

In 2018, our software audits identified over 180 million dollars (7.1%) in overpayments for Ohio Medicaid, after which the Columbus Dispatch published a report entitled, *Taxpayers may be paying twice for the same Medicaid drug services*. Following is an excerpt from the report:

“The possible misspending was found deep in the bureaucratic maze through which Ohio’s poorest residents get needed drugs. First, the team headed by Gary Rutherford, CCO of HealthPlan Data Solutions in Columbus, determined that pharmacy benefit managers — middlemen in the complicated process — were raking off \$149 million to \$186 million a year above the industry’s standard profit margin.

Then his team came across what essentially was a second middleman, given \$20 million annually to perform services seemingly already provided by the

existing middleman. And in a possible conflict of interest, the second, possibly redundant middleman and the managed-care organization that hired it are owned by the same multibillion-dollar corporation.

Medicaid is using the audit report by Rutherford’s firm as a guide for developing a more transparent, cost-efficient system.”

Marty Schladen
The Columbus Dispatch
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PRICING INCONSISTENCIES IN THE MARKET

There is no pricing consistency in the marketplace. Various agencies in the same state can all pay different prices for the same medications during the same time period as demonstrated in the table below.

EXAMPLES BY DRUG CLASS*	Plan 1 Unit Price	Plan 2 Unit Price	Plan 3 Unit Price	Plan 4 Unit Price	Plan 5 Unit Price	Plan 6 Unit Price	HDS Control Agency	Percent Variance in Price
Antibiotic	\$153.31	\$33.63	\$55.14	\$49.19	\$34.76	\$43.46	\$21.29	620%
Stimulant	\$19.55	\$18.77	\$5.43	\$5.86	\$5.37	\$5.36	\$3.71	426%
Blood Thinner	\$84.55	\$63.00	\$41.38	\$89.01	\$90.86	\$76.33	\$24.23	275%
Antidiabetic	\$11.95	\$14.40	\$19.28	\$15.92	\$14.75	\$14.23	\$12.40	61%
Antifungal	\$34.55	\$27.44	\$36.77	\$20.25	\$16.10	\$18.70	\$8.20	348%
Antipsychotic	\$32.39	\$26.33	\$23.76	\$23.42	\$26.34	\$21.07	\$4.87	565%
Analgesic	\$8.83	\$4.52	\$5.50	\$5.30	\$4.66	\$4.32	\$3.36	163%
Hypnotic	\$3.79	\$2.32	\$2.99	\$1.67	\$1.46	\$1.87	\$9.35	541%
Antihypertensive	\$6.94	\$0.85	\$5.76	\$4.49	\$2.04	\$3.43	\$2.95	240%

*Specific drug names removed