Audit Report

Maryland Department of Health
Pharmacy Services

July 2026

Public Notice

In compliance with the requirements of the State Government Article Section 2-1224(i), of the Annotated Code of Maryland, the Office of Legislative Audits has redacted a reference to cybersecurity information from this public report.

OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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Victoria L. Gruber
Executive Director

Brian S. Tanen, CPA, CFE
Legislative Auditor

DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

July 13, 2026

Senator Shelly L. Hettleman, Senate Chair, Joint Audit and Evaluation Committee
Delegate Jared Solomon, House Chair, Joint Audit and Evaluation Committee
Members of Joint Audit and Evaluation Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have conducted a fiscal compliance audit of the Maryland Department of Health (MDH) pharmacy services for the period beginning January 1, 2023 to October 15, 2025. MDH provides pharmacy services under the Medical Care Programs Administration (MCPA) and the Prevention and Health Promotion Administration (PHPA) as indicated through the following five programs:

- Maryland Medicaid Pharmacy Program (MCPA)
- Medicaid Managed Care Program (MCPA)
- Kidney Disease Program (PHPA)
- Maryland AIDS Drug Assistance Program (PHPA)
- Breast and Cervical Cancer Diagnosis and Treatment Program (PHPA)

Our audit disclosed that MDH did not audit pharmacy activities for three of the four fee-for-service programs to identify policy and billing violations as well as any potential fraud, waste, or abuse. These three programs collectively accounted for approximately $674.5 million (95 percent) of the total $710.2 million in fee-for-service pharmacy claims paid in fiscal year 2025. This condition was noted in our two prior audit reports dating back to 2020 but not corrected.

MDH's response to this audit, on behalf of MCPA and PHPA, is included as an appendix to this report. We reviewed the response and noted agreement to our finding and related recommendations and will notify MDH of any needed clarification to ensure the response sufficiently addresses the related finding.

We wish to acknowledge the cooperation extended to us during the audit by MCPA and PHPA.

Respectfully submitted,

Brian S. Tanen

Brian S. Tanen, CPA, CFE
Legislative Auditor

Background Information

Agency Responsibilities and Audit Scope

The Maryland Department of Health (MDH), through its Medical Care Programs Administration (MCPA) and Prevention and Health Promotion Administration (PHPA), operates four significant fee-for-service programs under which it pays for prescription drugs to eligible recipients. In addition, MCPA contracts with nine Managed Care Organizations (MCOs) which are responsible for paying pharmacy claims under the Medicaid Managed Care Program.

MCPA
MCPA administers two programs with pharmacy services:

- Maryland Medicaid Pharmacy Program (MMPP) – provides pharmacy services through a fee-for-service business model to Maryland Medicaid recipients. MMPP has oversight of all policies and operations related to the pharmacy services such as claim processing, preferred drug listing, and reimbursement methodology. MMPP covers all point-of-sale pharmacy services for fee-for-service recipients, as well as point-of-sale pharmacy services for MCO recipients for drugs that are not covered by the MCOs.

- MCOs – provide pharmacy services to Medicaid recipients enrolled in the Medicaid Managed Care Program. Each MCO independently contracted with one of four Pharmacy Benefit Managers that were responsible for administering virtually all aspects of the MCO pharmacy activities including pharmacy network management, claims processing, and payments to the pharmacies.

PHPA
PHPA administers three programs with pharmacy services:

- Maryland AIDS Drug Assistance Program (MADAP) – helps low to moderate-income Maryland residents with HIV disease who have limited or no coverage from private insurance or Medicare, pay for HIV/AIDS related drugs. Individuals cannot be enrolled in both Medicaid and MADAP.

- Breast and Cervical Cancer Diagnosis and Treatment Program (BCCDTP) – provides breast cancer and cervical cancer diagnostic, treatment, and pharmacy services to eligible low-income Maryland residents.

- Kidney Disease Program (KDP) – helps eligible low to moderate-income Maryland residents pay for the treatment costs associated with end-stage renal disease. KDP is a payer of last resort after all other options, such as private insurance, Medicare, and Medicaid have been exhausted.

Pharmacy Rebates

Certain drugs reimbursed under these programs and by the MCOs were eligible for drug manufacturer rebates. MDH received rebates totaling approximately $386 million for its fee-for-service pharmacy purchases during fiscal year 2025, and $517.7 million for pharmacy purchases made by MCOs during calendar year 2025. The rebate amount is based on the total cost of the drug regardless of the portion paid by MDH, which resulted in MADAP and KDP receiving rebates in excess of the amounts paid.

The scope of this audit included the administration and monitoring of claims adjudication and processing, security and controls, reimbursement rates, audits, and rebate management under the aforementioned four fee-for-service programs. Additionally, the scope included MCPA's rebate management and monitoring of pharmacy services provided by the MCOs under the Medicaid Managed Care Program. MCPA's monitoring of other aspects of the Managed Care Program, including calculations of MCO capitation rates and processing of capitation payments, are included within the scope of our audit of MCPA's Managed Care Program. According to MDH records, fiscal year 2025 claim payments for the four fee-for-service programs totaled approximately $710.2 million (see Figure 1).

Figure 1
Fiscal Year 2025 Fee-For-Service Claims and Rebates by Program

Program	Number of Recipients	Number of Claims	Claim Payments	Rebates Received	Net Payments
MMPP	349,684	5,326,568	$670,929,575	$334,702,122	$336,227,453
MADAP	5,167	84,320	35,736,294	48,253,258	(12,516,964)
BCCDTP	322	2,240	3,231,206	2,671,552	559,654
KDP	408	8,094	320,421	340,936	(20,515)
Total	**355,581**	**5,421,222**	**$710,217,496**	**$385,967,868**	**$324,249,628**

Source: MDH records

Pharmacy Vendor

MDH has contracted with the same pharmacy vendor to provide a point-of-sale electronic claims management system (pharmacy vendor system) since 2006. The current contract covers the period from January 2020 to July 2029 at a total cost of $72.4 million (including renewal options). The contract included the creation of a new pharmacy vendor system, which was implemented in October 2022.

The pharmacy vendor system includes pharmacy claims processing, where claims are adjudicated in real time for MMPP, MADAP, BCCDTP, and KDP. While each MCO has their own system to process pharmacy claims, the pharmacy vendor system is used to perform rebate processing for MCO pharmacy claims.

Claims processing includes functionality such as verifications of recipient eligibility, reviewing requests for prior authorizations, and identifying other parties (such as private insurers) that may be responsible for payment. Furthermore, the system performs drug utilization reviews and supports drug manufacturer rebate programs by capturing and reporting drug utilization activity so that MDH can obtain rebates from drug manufacturers.

Status of Findings from Preceding Audit Report

Our audit included a review to determine the status of the five findings contained in our preceding audit report dated August 9, 2024. See Figure 2 for the results of our review.

Figure 2
Status of Preceding Findings

Preceding Finding	Finding Description	Implementation Status
Finding 1	The Medical Care Programs Administration (MCPA) did not ensure manually processed Maryland Medicaid Pharmacy Program (MMPP) claims were proper, resulting in overpayments of approximately $397,000 related to 11 of the 15 claims we tested.	Not repeated
Finding 2	MDH did not have procedures to ensure that prescribing providers were licensed prior to approving pharmacy claims for payment.	Not repeated

Figure 2 Status of Preceding Findings		
Preceding Finding	**Finding Description**	**Implementation Status**
Finding 3	MDH did not audit three of the four fee-for-service programs' pharmacy claims, did not analyze claim reversals, and did not use available drug utilization data to identify improper claims.	**Repeated** (Current Finding 1)
Finding 4	MDH did not ensure that drug manufacturers provided timely and proper MADAP drug rebate payments.	Not repeated
Finding 5	Redacted cybersecurity-related finding.[1]	Status redacted[1]

Findings and Recommendations

Claims Processing

Finding 1
Maryland Department of Health (MDH) did not audit pharmacy claims for three of the four fee-for-service programs that collectively accounted for approximately $674.5 million in fiscal year 2025 claims.

Analysis
MDH did not audit pharmacy activity for the Maryland Medicaid Pharmacy Program (MMPP), Breast and Cervical Cancer Diagnosis and Treatment Program (BCCDTP), and the Kidney Disease Program (KDP). According to MDH records, these programs collectively accounted for approximately $674.5 million (95 percent) of the total $710.2 million paid in fiscal year 2025 for fee-for-service program pharmacy claims. Industry best practices provide that pharmacy claims should be audited on a routine basis.

Pharmacy audits would identify policy and billing violations as well as any potential fraud, waste, or abuse. In this regard, audits of the Maryland AIDS

[1] The finding description as well as the implementation status of this cybersecurity-related finding have been redacted from the publicly available report in accordance with State Government Article, Section 2-1224(i) of the Annotated Code of Maryland.

Drug Assistance Program (MADAP) activity for calendar years 2021 through 2023 identified claims totaling $840,000 that needed to be recovered. In addition, the audits would enable MDH to verify information that is not possible through the pharmacy vendor system, such as ensuring prescriptions were actually picked up by the recipient. State regulations require pharmacies to reverse the charges (and reimburse the State) when prescriptions are not picked up within 14 days of the claim submission.

Our analysis of MMPP claims data for the audit period (totaling $1.8 billion) disclosed that numerous MMPP pharmacies had a reversal rate that was significantly below the program average of 23 percent.[2] For example, 172 pharmacies with $161.7 million in paid net claims during the audit period reversed less than 5 percent of their claims. According to the United States Government Accountability Office (GAO), while there may be legitimate reasons for a pharmacy to have a low percentage of claim reversals, such pharmacies may warrant a follow-up review.[3]

Similar conditions were commented upon in our two preceding audit reports dating back to August 2020. MDH's response to our prior report, on behalf of MCPA and PHPA, indicated that the Office of the Inspector General for Health[4] (OIGH) would audit each program's pharmacy claims, including a review of pharmacies with below average reversal rates. However, in October 2025, OIGH notified MDH that it could not perform compliance functions on MDH's behalf and consequently did not perform any of these audits.

Recommendation 1
We recommend that MDH

a. establish procedures to periodically audit each program's pharmacy claims on a test basis (repeat), and

b. investigate the aforementioned pharmacies with below average reversals and take appropriate follow-up action (repeat).

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[2] We did not review reversal rates for the other three fee-for-service programs given the lesser claims activity.

[3] A July 2015 GAO report on Medicaid titled '*Additional Reporting May Help CMS Oversee Prescription-Drug Fraud Controls*' noted that pharmacies with too few or too many adjustments may be a red flag for concern.

[4] Effective July 1, 2022, Chapter 325, Laws of Maryland 2021 established the OIGH as an independent unit of the State and transferred certain funding and staff from the then existing MDH Office of Inspector General to the new OIGH.

Audit Scope, Objectives, and Methodology

We have conducted a fiscal compliance audit of the Maryland Department of Health (MDH) pharmacy services for the period beginning January 1, 2023 and ending October 15, 2025. The audit focuses on pharmacy services provided by MDH through five separate programs of which two are in the Medical Care Programs Administration (MCPA) and three are in the Prevention and Health Promotion Administration (PHPA):

MCPA

- Medicaid Managed Care Program
- Maryland Medicaid Pharmacy Program

PHPA

- Maryland AIDS Drug Assistant Program
- Breast and Cervical Cancer Diagnosis and Treatment Program
- Kidney Disease Program

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As prescribed by the State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine MDH's financial transactions, records, and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of significance and risk. The areas addressed by the audit included claims adjudication and processing, manual overrides, rate setting, program monitoring and audits, rebate processing, and information systems security and control. We also determined the status of the findings contained in our preceding audit report.

Our audit did not include certain support services provided to MCPA and PHPA by MDH. These support services (such as payroll, purchasing, maintenance of accounting records, and related fiscal functions) are included within the scope of our audit of the MDH – Office of the Secretary and Other Units. In addition, our

audit did not include an evaluation of internal controls over compliance with federal laws and regulations for federal financial assistance and programs and an assessment of MDH's compliance with those laws and regulations because the State of Maryland engages an independent accounting firm to annually audit such programs administered by State agencies, including MDH.

Our assessment of internal controls was based on agency procedures and controls in place at the time of our fieldwork. Our tests of transactions and other auditing procedures were generally focused on the transactions occurring during our audit period of January 1, 2023 to October 15, 2025, but may include transactions before or after this period as we considered necessary to achieve our audit objectives.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspection of documents and records, tests of transactions, and to the extent practicable, observations of MDH's operations. Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk, the timing or dollar amount of the transaction, or the significance of the transaction to the area of operation reviewed. As a matter of course, we do not normally use sampling in our tests, so unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, unless sampling is specifically indicated in a finding, the results from any tests conducted or disclosed by us cannot be used to project those results to the entire population from which the test items were selected.

We also performed various data extracts of pertinent information from the State's Financial Management Information System (such as revenue and expenditure data). The extracts are performed as part of ongoing internal processes established by the Office of Legislative Audits and were subject to various tests to determine data reliability. We determined that the data extracted from this source were sufficiently reliable for the purposes the data were used during the audit.

We also extracted data from the Medicaid Management Information System (such as claim payments) for the purpose of selecting test items and performing data analytics. We performed various tests of the relevant data and determined that the data were sufficiently reliable for the purposes the data were used during the audit. Finally, we performed other auditing procedures that we considered necessary to achieve our audit objectives. The reliability of data used in this report for background or informational purposes was not assessed.

MDH's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records; effectiveness and efficiency of operations, including safeguarding of assets; and compliance with applicable laws, rules, and regulations are achieved. As provided in *Government Auditing Standards*, there are five components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring. Each of the five components, when significant to the audit objectives, and as applicable to MDH, were considered by us during the course of this audit.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Maryland General Assembly in exercising its legislative oversight function and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

This report includes a finding relating to conditions that we consider to be significant deficiencies in the design or operation of internal control that could adversely affect MDH's ability to maintain reliable financial records, operate effectively and efficiently, and/or comply with applicable laws, rules, and regulations. Other less significant findings were communicated to MDH that did not warrant inclusion in this report.

State Government Article Section 2-1224(i) requires that we redact in a manner consistent with auditing best practices any cybersecurity information before a report is made available to the public. This results in the issuance of two different versions of an audit report that contains cybersecurity information – a redacted version for the public and an unredacted version for government officials responsible for acting on our audit recommendations.

The State Finance and Procurement Article, Section 3.5-301(c), states that cybersecurity is defined as "processes or capabilities wherein systems, communications, and information are protected and defended against damage, unauthorized use or modification, and exploitation". Based on that definition, and in our professional judgment, we concluded that certain information in this report falls under that definition. Consequently, for the publicly available audit report all specifics as to the nature of this cybersecurity information has been redacted.

We have determined that such aforementioned practices, and government auditing standards, support the redaction of this information from the public audit report. The specifics of the cybersecurity information have been communicated to MDH and those parties responsible for acting on our recommendations in an unredacted audit report.

The response from MDH, on behalf of MCPA and PHPA, to our findings and recommendations, is included as an appendix to this report. As prescribed in State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise MDH regarding the results of our review of its response.

Exhibit 1
Listing of Most Recent Office of Legislative Audits
Fiscal Compliance Audits of Maryland Department of Health Units
As of June 2026 (Page 1 of 2)

	Name of Audit	Areas Covered	Most Recent Report Date
1	Intellectual Disabilities Residential Centers	• Holly Center • Potomac Center • The Secure Evaluation and Therapeutic Treatment	06/05/26
2	Medical Care Programs Administration	Medical Care Programs Administration	05/20/26
3	Office of the Chief Medical Examiner	Office of the Chief Medical Examiner	05/19/26
4	Medical Care Programs Administration – Managed Care Program	Managed Care Program, known as HealthChoice including oversight of the nine private Managed Care Organizations	01/14/26
5	Behavioral Health Administration and Medical Care Programs Administration - Administrative Service Organization for Behavioral Health Services	• Behavioral Health Administration • Medical Care Programs Administration Administrative Service Organization for Behavioral Health Services	10/03/25
6	Regional Institutes for Children and Adolescents	• John L. Gildner Regional Institute for Children and Adolescents • Regional Institute for Children and Adolescents – Baltimore	08/25/25
7	Developmental Disabilities Administration	Developmental Disabilities Administration	06/18/25
8	Regulatory Services	• 22 Health Professional Boards and Commissions • The Office of Health Care Quality	04/09/25
9	Vital Statistics Administration	Vital Statistics Administration	03/19/25
10	Prevention and Health Promotion Administration – Office of Population Health Improvement – Office of Preparedness and Response – Office of Provider Engagement and Regulation	• Prevention and Health Promotion Administration • Office of Population Health Improvement • Office of Preparedness and Response • Office of Provider Engagement and Regulation – Office of Controlled Substances Administration • Office of Provider Engagement and Regulations – Prescription Drug Monitoring Program	08/09/24

Exhibit 1
Listing of Most Recent Office of Legislative Audits
Fiscal Compliance Audits of Maryland Department of Health Units
As of June 2026 (Page 2 of 2)

	Name of Audit	Areas Covered	Most Recent Report Date
11	Laboratories Administration	Laboratories Administration	06/05/24
12	State Psychiatric Hospital Centers	• Clifton T. Perkins Hospital Center • Eastern Shore Hospital Center • Spring Grove Hospital Center • Springfield Hospital Center • Thomas B. Finan Hospital Center	05/29/24
13	Health Regulatory Commissions	• Maryland Health Care Commission • Health Services Cost Review Commission • Maryland Community Health Resources Commission	01/25/24
14	Office of the Secretary and Other Units	• Office of the Secretary • Deputy Secretary and Executive Director for Behavioral Health • Deputy Secretary for Developmental Disabilities • Deputy Secretary for Public Health • Deputy Secretary for Health Care Financing and Chief Operating Officer • Deputy Secretary for Operations	10/19/23
15	Chronic Care Hospital Centers	• Deer's Head Center Care • Western Maryland Hospital Center	05/10/23

APPENDIX

Maryland
DEPARTMENT OF HEALTH

Wes Moore, Governor · Aruna Miller, Lt. Governor · Meena Seshamani, M.D., Ph.D., Secretary

July 10, 2026

Mr. Brian S. Tanen, CPA, CFE
Legislative Auditor
Office of Legislative Audits
The Warehouse at Camden Yards
351 West Camden Street, Suite 400
Baltimore, MD 21201

Dear Mr. Tanen:

Enclosed, please find the responses to the draft audit report on the Maryland Department of Health – Pharmacy Services for the period beginning October 1, 2021 to October 31, 2025.

MDH appreciates OLA's efforts and collaboration throughout the audit process. We also note OLA's prior audit on MDH Pharmacy Services, issued in 2024, included 5 findings, 4 of which have been fully resolved. The audit report identified one finding, repeated from 2024. This finding is being treated as a priority, with targeted actions that MDH will address through a contract modification with the current pharmacy vendor to provide auditing services.

The pharmacy claims processing system currently utilized by the Maryland Medicaid Pharmacy Program (MMPP) includes automated, multi-layered safeguards designed to intercept and prevent improper payments before disbursement occurs. By embedding programmatic safeguards directly into the point-of-sale workflow—including real-time Third Party Liability verification for Coordination of Benefits, mandatory clinical criteria screenings, and automated quantity caps—the system systematically identifies, pauses, or rejects non-compliant or atypical claims at submission. These proactive, customized software filters ensure that state funds are not released for unauthorized utilization or to inactive providers, maintaining fiscal oversight that mitigates systemic risk and enforces compliance with statutory plan limitations.

If you have any questions, please contact Frederick D. Doggett at 410-767-0885 or email at frederick.doggett@maryland.gov.

Sincerely,

Meena Seshamani, M.D., Ph.D.
Secretary

Enclosures

cc: Kate Wolff, MPA, Chief of Staff, MDH
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Perrie Briskin, Deputy Secretary for Healthcare Financing and Medicaid Director
Liz Schuelke, Chief of Staff
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Maryland Department of Health
Pharmacy Services

Agency Response Form

Claims Processing

Finding 1
Maryland Department of Health (MDH) did not audit pharmacy claims for three of the four fee-for-service programs that collectively accounted for approximately $674.5 million in fiscal year 2025 claims.

We recommend that MDH

a. **establish procedures to periodically audit each program's pharmacy claims on a test basis (repeat), and**
b. **investigate the aforementioned pharmacies with below average reversals and take appropriate follow-up action (repeat).**

Agency Response			
Analysis	**Factually Accurate**		
Please provide additional comments as deemed necessary.	As cited in the discussion notes, it is important to note in OLA's prior report, published in 2024, that MDH indicated the Office of the Inspector General for Health (OIGH) would audit each program's pharmacy claims, including a review of pharmacies with below average reversal rates. However, MDH was later informed that the resources were not available for OIGH to perform these audits, and that these audits could not be performed by another entity at that time. Since receiving this notice, MDH has developed a contingency plan to replace OIGH audit support.		
Recommendation 1a	Agree	**Estimated Completion Date:**	June 30, 2027
Please provide details of corrective action or explain disagreement.	As OLA stated, the programs audited collectively paid $674.5 million for fee for service pharmacy claims for FY2025. MDH notes that this does not necessarily represent any improper payments. The pharmacy claims processing system currently utilized by the Maryland Medicaid Pharmacy Program (MMPP) is an automated computer system that instantly checks prescription claims before they are approved for payment. This system provides multiple Prospective Drug Utilization Review edits, or automated rules and filter logic in the software, that have been customized for the MMPP to identify improper claims and immediate pause or reject claims. These edits include: • Maximum quantity allowed for each specific drug		

	• Strict caps set by the health department on how much of a specific medicine a patient can get • Specific clinical criteria, • Medications that cost over a certain dollar amount, which require a special review before approval. These edits provide the ability to identify and deny atypical claims and determine over-utilization and claim rejection based on the plan limitations. The system also provides safeguards to prohibit inappropriate submission or payment of claims if the pharmacy provider was not an active MPP Provider at time of service. Further, the system performs Coordination of Benefits (COB) electronically by reviewing all eligible claims in real time. When a pharmacy submits a prescription claim to Maryland Medicaid, the adjudication system automatically screens the participant's profile in real time to determine if the participant has any other active primary commercial health insurance, Medicare, or workers' compensation. If the system detects that a primary insurance exists (Third Party Liability), it will not pay the claim. Instead, the system issues a denial. The necessary information, including payer and participant data, is communicated back to the Pharmacy Provider. The pharmacy provider must update the patient's profile, bill the primary commercial insurance first, and then route the remaining balance (such as copays or deductibles) back to Maryland Medicaid as secondary. In addition to these safeguards against improper payments, MDH agrees with the industry best practice recommendation on pharmacy audits. MDH has determined that it is in the best interest of the state to use an existing contract vehicle to support this work versus a new solicitation of a new RFP to specifically conduct the audits. To establish these procedures with a modification to an existing contract vehicle the following steps need to take place: • By September 1, 2026 MDH will draft a scope of work to outline the requirements for an external contractor to conduct regular audits to periodically audit samples of pharmacy claims for MMPP. • By September 15, 2026 MDH will share the scope of work with the existing pharmacy vendor and negotiate with them to provide the Department with a cost proposal by November 1, 2026. • MDH will work with state partners to determine a feasible funding path. Once funding is identified, MDH will work to

Maryland Department of Health
Pharmacy Services

Agency Response Form

	modify the current contract with the vendor for the addition of audit services and present this modification to BPW for approval. • Pending funding availability, MDH anticipates the contract modification to be live by July 1, 2027.		
Recommendation 1b	Agree	**Estimated Completion Date:**	June 30, 2027
Please provide details of corrective action or explain disagreement.	As OLA notes, and MDH agrees, according to the United States Government Accountability Office, while there may be legitimate reasons for a pharmacy to have a low percentage of claim reversals, such pharmacies may warrant a follow-up review. MDH agrees with the industry best practice recommendation on pharmacy audits. MDH has determined that it is in the best interest of the state to use an existing contract vehicle to support this work versus a new solicitation of a new RFP to specifically conduct the audits. To establish these procedures with a modification to an existing contract vehicle the following steps need to take place: • By September 1, 2026, MDH will draft a scope of work to outline the requirements for an external contractor to conduct regular audits to periodically audit samples of pharmacy claims for MMPP. • By September 15, 2026, MDH will share the scope of work with the existing pharmacy vendor and negotiate with them to provide the Department with a cost proposal by November 1, 2026. • MDH will work with state partners to determine a feasible funding path. Once funding is identified, MDH will work to modify the current contract with the vendor for the addition of audit services and present this modification to BPW for approval. • Pending funding availability, MDH anticipates the contract modification to be live by July 1, 2027.		

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