

Chairman Henry A. Waxman released a new GAO report titled “Medicare Part D Prescription Drug Coverage: Federal Oversight of Reported Price Concessions Data.” The report finds that the Centers for Medicare & Medicaid Services (CMS) has only conducted half of the scheduled audits of drug pricing information reported by the Part D plans.

“I’m disappointed by the delay in audits to detect Part D drug pricing fraud,” said Chairman Waxman. “But the Oversight Committee will continue its investigation of waste and inefficiency in the Part D program to ensure that CMS is taking timely and effective steps to protect taxpayer funds.”

The Medicare Part D drug program is administered by private drug plans which are reimbursed by taxpayers and plan enrollees. To the extent that the Part D plans negotiate for discounts, rebates, or other price concessions on the drugs used by Medicare beneficiaries, these price concessions reduce the cost of Part D to taxpayers and enrollees. To ensure that Medicare is receiving the full benefit of any price concessions the private drug plans are able to negotiate, the plans are required to report the amount of concessions to CMS, which oversees Part D. CMS, in turn, is responsible for oversight of this reporting to ensure its accuracy.

Chairman Waxman asked GAO to investigate CMS oversight of the Part D plans’ reporting of drug price concessions data. GAO found that CMS has initiated less than half of the required audits for price concessions reported during 2006; that only one of those audits is final; and that CMS does not expect to complete all of the required audits until October 2009. GAO also identified a number of CMS “oversight challenges” that complicate drug pricing calculations and could result in significant waste and abuse.

The Oversight Committee has conducted numerous investigations and hearings into waste and abuse under Medicare Part D. Most recently, a Committee hearing and investigation in July 2008 revealed that the Part D plans were unable to obtain significant price reductions for prescription drugs, resulting in billions of dollars in excess taxpayer costs.

Documents and Links

- [GAO Report: Medicare Part D Prescription Drug Coverage: Federal Oversight of Reported Price Concessions Data](#)