



Gold Coast Health Plan

Its Reimbursements to Pharmacies Are Reasonable, but Its Pharmacy Benefits Manager Did Not Always Process Claims Correctly

Background

Overseen by the Department of Health Care Services (DHCS), the California Medi-Cal Assistance Program (Medi-Cal) provides public health insurance to certain low income individuals and families who meet federal and state eligibility requirements. Medi-Cal beneficiaries receive their health care through one of two delivery systems: fee-for-service and managed care. Under the managed care model, DHCS contracts with health plans and pays each a monthly capitation payment per beneficiary to provide health care. The health plan options available to a beneficiary depend on the county in which the beneficiary resides. Ventura County participates in Medi-Cal through a County Organized Health System (COHS) model—DHCS contracts with the Gold Coast Health Plan (Gold Coast), which Ventura County Medi-Cal Managed Care Commission (Commission) created and governs. Gold Coast provides many services, including primary care and pharmacy services. It contracts with a pharmacy benefits manager (PBM) that negotiates with pharmacies and processes their prescription reimbursement claims. We conducted an audit of Gold Coast and its oversight of its PBM.

Key Recommendations

- To increase its transparency, the Commission should report its reasoning for awarding contracts or legal basis, if any, for choosing not to do so.
- Gold Coast should address significant performance issues by its contractors in a timely manner and require contractors to take corrective action to resolve issues and ensure that they do not recur.

Key Findings

- Although Gold Coast used a competitive bidding process to identify a PBM and recommended the highest-scoring applicant, the Commission chose to contract with the lowest-scoring vendor, OptumRx, and did not publicly disclose the reasons for its decision, thereby limiting its transparency.
- Gold Coast unnecessarily delayed addressing significant reimbursement errors made by OptumRx that led to millions of dollars in overpayments to pharmacies, which OptumRx then had to recover.
 - » From June 1, 2017 to July 24, 2017, OptumRx made the first of several errors when it failed to correctly process pharmacies' reimbursement claims.
 - » Although Gold Coast learned of the first reimbursement error in August 2017, it did not require OptumRx to submit a corrective action plan and recoup overpayments until March 2018, after OptumRx had made its third costly reimbursement error.
- Although OptumRx's reimbursements for prescriptions may be lower than those of some comparable health plans, the reimbursements are reasonable and beneficiaries continue to have adequate access to pharmacy services.
 - » For a selection of medications we reviewed, OptumRx's reimbursements were generally significantly less than the reimbursements of comparable health plans in California but align with Gold Coast's intention to reduce its pharmacy benefits costs and were reasonable.
 - » In response to concerns raised by a number of independent pharmacies regarding the low reimbursements, Gold Coast hired an external consultant to review the reimbursements and the consultant concluded that the reimbursements were within market value.