

DEPARTMENT OF HEALTH SERVICES

Drug Treatment Authorization Requests Continue to Increase

REPORT NUMBER 2000-009, AUGUST 2000

Audit Highlights . . .

Our audit of the Department of Health Services' (department) processing of drug treatment authorization requests (TARs) disclosed:

- The number of TARs received and processed continues to increase.*
 - The average month-end backlog of unprocessed TARs was 11.6 percent for the current 24-month review period.*
 - The department was unable to fully process 615 of the 2,711 drug TARs we sampled within one workday, as required. However, for 249 of these TARs, the provider had access to the department's decisions within one working day.*
 - Processing is slow because of staffing problems and because the department's contract with Electronic Data Systems does not require TAR's processing in the time period required by department policy.*
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The Government Code and the Welfare and Institutions Code required the Bureau of State Audits (bureau) to prepare an analysis and summary of the Department of Health Services' (department) data on drug treatment authorization requests (TARs) and submit a report to the Legislature beginning February 1, 1991, and every six months thereafter until January 1, 1999. New legislation in 1999 extended this requirement to January 1, 2001. This is our most recent and final report, covering four six-month intervals from June 1998 through May 2000. In summary we reported the following:

- The department did not always comply with the state policy by taking longer than one working day to fully process 615 TARs (22.7 percent) of the 2,711 drug TARs we sampled that were either faxed or mailed. Of the 615 TARs, the decisions on 366 were not available within one workday. The Stockton drug unit took two to three working days to fully process 591 of the drug TARs faxed to it. For 366 of these drug TARs, 13 percent of our sample, the decisions were not available to providers within one working day. The Los Angeles drug unit also took two to five working days to fully process 24 of the drug TARs mailed to it. However, for all 24, the consultants' decisions were available to the drug providers within one working day.
- The department received 659,328 drug TARs from December 1999 through May 2000, an increase of 580,830 (740 percent) over that of our first six-month review period 10 years ago. This increase is due to the fact that, in November 1994, the law reduced the limit of prescriptions from 10 to 6 per month that an individual beneficiary could receive before a drug TAR had to be submitted. In addition, although the number of Medi-Cal beneficiaries has decreased from its high point in 1995, the number is still higher than during the first review period. Moreover, beneficiaries with more severe illnesses remain with Medi-Cal instead of transferring to managed care, which does not require the TARs. Also, there is a trend toward giving medication and care outside of a hospital setting.

- From December 1999 through May 2000, the department received 154,684 (30.7 percent) more drug TARs than it did during our previous review period of December 1997 through May 1998. However, compared to the previous review period, the number of eligible Medi-Cal beneficiaries declined by 8.7 percent during December 1999 through May 2000.
- Drug providers continue to submit most drug TARs by fax. From June 1998 through May 2000, drug providers faxed to the department 98.9 percent of all drug TARs. The department received 158,169 more drug TARs by fax from December 1999 through May 2000, an increase of 32 percent over our previous review period of December 1997 through May 1998.
- The department processed 662,288 drug TARs from December 1999 through May 2000, an increase of 585,006 (757 percent) over the number processed during our first six-month review period 10 years ago. This increase is directly related to the increase in the number of drug TARs received.
- From June 1998 through May 2000, the average percentage of unprocessed drug TARs during each six-month interval has ranged from 10.1 percent to 13.2 percent. These percentages—while lower than the high of 34 percent during December 1991 through May 1992—are significantly higher than the 1.6 percent of unprocessed TARs during June 1995 through November 1995. The average month-end backlog of 11.6 percent for the current 24-month review period does not vary greatly from the 11.9 percent reported during our previous review.
- The department’s current policy to process drug TARs within one working day is less strict than the federal requirement to process drug TARs within 24 hours. However, the federal government acknowledges that processing time can exceed 24 hours and allows the department to exceed the federally mandated processing time requirement as long as emergency drugs are available to beneficiaries when necessary. The department adheres to this condition by not requiring a drug TAR for emergency situations.
- Beneficiaries submitted 705 fair hearing requests during our current 24-month review period of June 1998 through May 2000. Of these requests, 545 were withdrawn or dismissed, 50 were denied, and the decision on 9 were still pending at the time of our review.

- The department has not fully implemented all recommendations in our last report, which was issued in August 1998. The department has not closely monitored the staffing of data-entry personnel, been able to negotiate a new contract with a turnaround time for drug TARs of one working day, and reinstated procedures for monitoring processing times. The department, however, has developed a system to address problems with computer and data-transmission equipment.

We recommended that the department should take the following steps to ensure it is promptly processing drug TARs:

- Continue to more closely monitor the scheduling of data-entry staff to ensure that the department can process within the required time frame the estimated number of drug TARs it will receive.
- When the current contract with Electronic Data Systems expires, negotiate a new contract with a turnaround time for drug TARs of one workday.
- Ensure that its new system includes comprehensive procedures for monitoring processing times.

Department Action: Partial corrective action taken.

The department continues to report that it closely monitors and adjusts the number of data-entry personnel. It requires all Medi-Cal field offices to immediately report significant changes in TAR receipts to headquarters so that required adjustments in data-entry staff may be made to prevent increases in backlogged TARs due to insufficient staffing. The department also states that its new contract will require TAR processing turnaround time consistent with federal law and the department's own policy.

In addition, the department continues with its efforts to redesign its TAR system. The redesigned TAR system will feature an Internet-based on-line TAR submission and adjudication. The department expects that the new system will shorten TARs processing times and substantially reduce the amount of paper documents. The department states that the new system will allow comprehensive monitoring of TARs processing.

