REPORT BY THE

AUDITOR GENERAL

OF CALIFORNIA

THE DEPARTMENT OF HEALTH SERVICES' INFORMATION ON DRUG TREATMENT AUTHORIZATION REQUESTS

P-117 **JULY 1991**

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July 24, 1991 P-117

Honorable Robert J. Campbell, Chairman
Members, Joint Legislative Audit Committee
State Capitol, Room 2163
Sacramento, California 95814

Dear Mr. Chairman and Members:

Summary The Office of the Auditor General presents its second in a series of semiannual reports concerning the way the Department of Health Services (department) processes requests for reimbursement for certain prescribed drugs under the California Medical Assistance Program (Medi-Cal).

In response to Chapter 457, Statutes of 1990, the department has given us statistical information, compiled each month, concerning the number of drug treatment authorization requests (TARs) received and processed from June 1990 through May 1991.[1] During our review, we analyzed this information and reviewed the department's process for counting and compiling the data on drug TARs.

From June 1990 through May 1991, the total number of all drug TARs received by mail, telephone, telephone facsimile machine (FAX), and the department's new automated voice response system varied from a low of 11,521 drug TARs during September 1990 to a high of 15,415 drug TARs received during April 1991. Meanwhile, the methods that providers are using to

[1] Our previous report, issued in January 1991, reviewed the statistics for the period from June through November 1990.

submit drug TARs are changing. For example, the percentage of drug TARs received by FAX in relation to all drug TARs received was 7 percent in July 1990 compared with 22 percent in May 1991.

In addition, during the last six months we reviewed, the department's Medi-Cal drug units processed 10 percent more drug TARs received by telephone, FAX, and mail than for the previous six months. Meanwhile, the department's backlog of drug TARs received by mail that were not processed during a month varied from a high of 3,295 at the end of July 1990 to a low of 1,202 at the end of January 1991. At the end of April and May 1991, the backlog of drug TARs that were received by mail and not processed was 2,544 and 2,905, respectively. Drug TARs received by mail generally cover drug TAR renewals or retroactive approvals of prescribed drugs.

As we reported in January 1991, in an attempt to expand its capability for receiving and processing drug TARs, the department opened a new Medi-Cal drug unit in Stockton equipped with a new automated voice-response system, known as the voice drug TAR system (VDTS). The Stockton drug unit also processed additional mailed-in drug TARs received originally at the Los Angeles and San Francisco drug units. The addition of the new field office may have contributed to the increase in drug TARs processed. For all initial and urgent drug TARs submitted by telephone and FAX, we found that the drug units are continuing to process them within 24 hours.

Further, in response to Chapter 457, Statutes of 1990, the department provided us with copies of fair hearing requests beneficiaries made to the Department of Social Services to appeal drug TARs that were denied. Similarly, the department reported receiving two complaints about its processing of drug TARs from December 1990 through May 1991.

Background

Authorized in 1965 under Title XIX of the Social Security Act, Medi-Cal provides a wide array of health care services including payment for prescription drugs to public assistance recipients and low income individuals and families. Under the provisions of Title 22 of the California Code of Regulations, the department administers the Medi-Cal program; the state and federal governments jointly fund it.

Under Medi-Cal, beneficiaries may receive prescription drugs from a list that has been established by the department. This list is known as the Medi-Cal list of contract drugs and, according to the chief of the field services branch, includes drugs from most therapeutic categories. Therapeutic categories are classifications of drugs that address specific medical problems. For example, the contract drugs are classified into such therapeutic categories as antibiotics, cardiac drugs, and gastrointestinal drugs. According to the chief of the field services branch, when a doctor prescribes a drug that is not on the list of contract drugs, the provider, generally a pharmacist, must receive authorization to seek reimbursement for the cost of the drug. The provider's request for authorization is known as a treatment authorization request (TAR).

Currently, the department has three Medi-Cal drug units that process drug TARs. These offices, located in Los Angeles, San Francisco, and Stockton, handle all drug TARs for the State. Providers submit drug TARs to their designated drug units in San Francisco and Los Angeles by telephone, FAX, or mail. According to the chief of the department's field services branch, drug TARs submitted by telephone or FAX are restricted to initial supplies of prescribed drugs and drugs that are urgently needed. Providers can also submit their initial and urgent drug TARs through the department's new VDTS. The drug TARs submitted through the VDTS are processed at the Stockton drug unit. Conversely, those drug TARs received by mail generally cover renewals or retroactive approvals of prescribed drugs although requests for initial supplies may also be received by mail. In both renewals and retroactive approvals, the beneficiary, or patient, may have already received the drug.

The chief of the field services branch provided us with the following description of the drug TAR process. Drug TARs received by telephone are handled by medical transcribers at the Los Angeles and San Francisco drug units. The transcriber receives the call and completes the drug TAR form while the provider is on the telephone. The completed form is immediately forwarded to a pharmaceutical consultant, who is a licensed pharmacist. While the provider is still on the telephone, the consultant may approve, deny, approve with modifications, or request further information from the provider.

If the consultant requests further information from the provider and receives adequate additional information, the consultant can finish processing the drug TAR by approving it, denying it, or approving it with modifications. If further information is not available, the consultant may place the drug TAR on hold until more information becomes available. After a decision is made on a drug TAR, the medical transcriber relays the decision to the provider to complete the telephone call.

The Los Angeles and San Francisco drug units also receive drug TARs by FAX or mail, and medical transcribers review the TAR forms for completeness. The drug TARs are then forwarded to the pharmaceutical consultants, who may take one of the four actions described above. After a decision is made on a drug TAR, the medical transcriber returns the TAR to the provider via the same method in which it was received.

Additionally, the Stockton drug unit has been processing additional mailed-in drug TARs originally received at the Los Angeles and San Francisco drug units. It also receives drug TARs through an automated voice-response system, the VDTS, that allows providers to use their telephone to dictate and record requests for drug TARs by using voice-activated prompts. Medical transcribers at the Stockton drug unit retrieve this information, type the information onto a TAR form, and forward the TAR form to the pharmaceutical consultants. The pharmaceutical consultants process the drug TAR by either approving it, denying it, approving it with modifications, or requesting further

information from the provider. Once a decision is made on a drug TAR, an office assistant returns a copy of the TAR to the provider by mail. Additionally, the VDTS also allows providers to inquire into the status of any previously entered drug TAR.

Scope and Methodology

Chapter 457, Statutes of 1990, requires the Office of the Auditor General to prepare a summary and analysis of the department's data on the drug TAR process. Further, this legislation mandates that the Office of the Auditor General submit a report on this data to the Legislature beginning February 1, 1991, and every six months thereafter until August 1, 1992.

To fulfill these requirements, we obtained statistical data from the department regarding drug TARs received by telephone, VDTS, FAX, and mail. We also obtained data on the number of drug TARS approved, modified, denied, and returned. These data cover the 12 months from June 1990 through May 1991. We visited the three drug units that process drug TARs to observe the process and to determine how the units count the drug TARs they have received and processed each month.

We also reviewed the methods used by the drug units for measuring the time it takes them to respond to a drug TAR from the time it is received at the drug unit to the time the drug unit returns the completed drug TAR to the provider. In addition, we conducted tests to determine if the San Francisco and Los Angeles drug units are processing initial and urgent drug TARs that are submitted by telephone and FAX within 24 hours as required by federal law effective July 1, 1991.

To identify how the telephone systems used to receive drug TARs operate, we interviewed department officials. We also surveyed by telephone a sample of providers about their experiences submitting drug TARs to the drug units.

To determine how the three drug units compiled their monthly statistical reports on drug TARs, we interviewed staff and observed the procedures used to count drug TARs. To determine the accuracy and reliability of the monthly statistical reports, we analyzed a judgmental sample of the drug unit records on drug TARs for two months. We found that the drug units made various errors in compiling their monthly reports, including incorrect counts of daily drug TARs received and processed and duplication of counts for mail-in drug TARs that were sent by the Los Angeles drug unit to the Stockton drug unit for processing. We did not do enough testing of the department's counting of the drug TARs and compiling of the drug TAR data to assess the overall impact of some of these errors on the numbers reported here, and we made no adjustments for some of them. (We discuss the errors in the drug TAR statistics in more detail on page 18 of this report.) We adjusted only for duplication of counts for mail-in drug TARs sent by the Los Angeles drug unit to the Stockton drug unit.

To determine if the department is collecting data on the number of denied drug TARs that have been appealed to the Department of Social Services, we interviewed staff and collected these data for the period from December 1990 through May 1991. Similarly, to determine if the department is collecting data on the number of complaints it has received about its processing of drug TARs, we interviewed staff and collected these data for the period from December 1990 through May 1991.

Further, in cooperation with Pacific Bell, we attempted to obtain a quantitative measure of the difficulty that providers face in getting through to the drug units by telephone. However, we were not successful in obtaining such a measure for this report. We plan to report on this topic in our report to be issued by February 1, 1992.

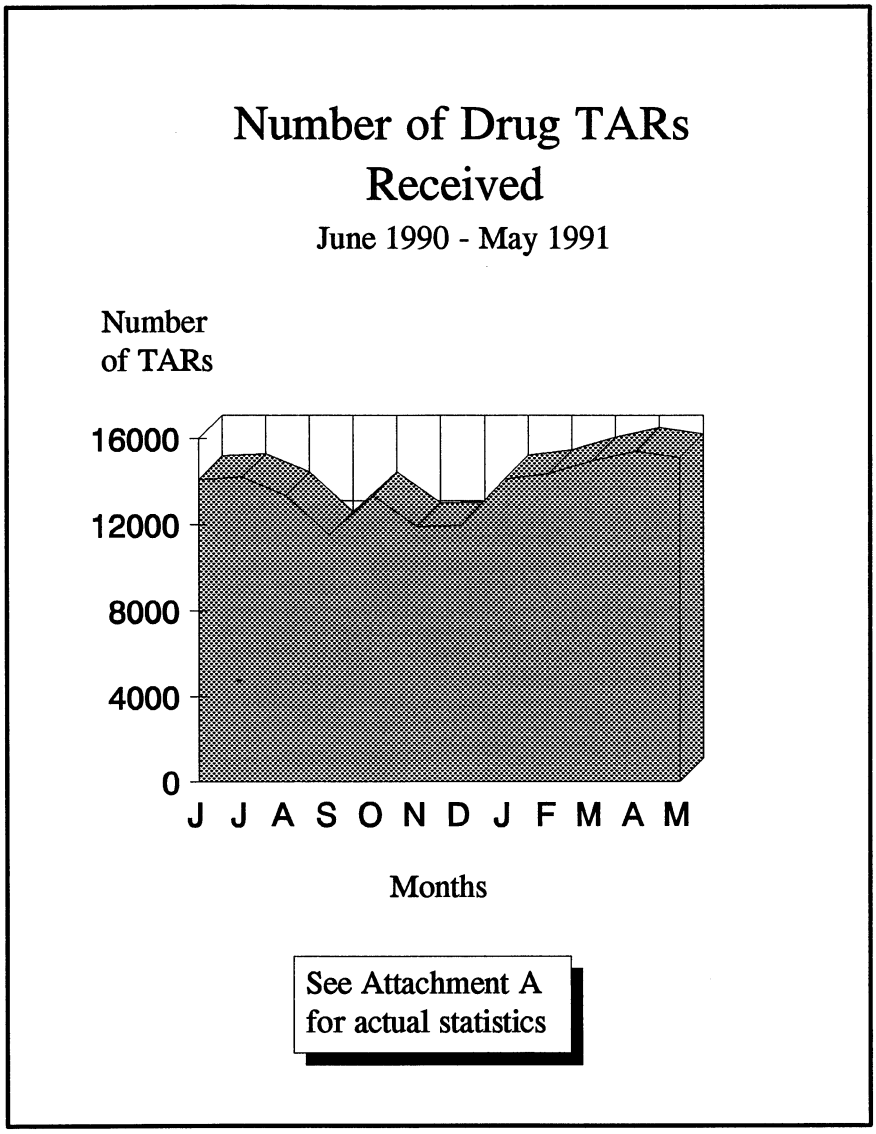
Finally, in our February 1992 report, we plan to report on the department's efforts to develop performance standards under the provisions of Chapter 457, Statues of 1990, for responding to provider calls. These standards should be consistent with the advances in technology the department is currently pursuing such as the implementation of VDTS and the ability to receive TARs by FAX.

Drug TARs Received

The number of drug TARs received fluctuated from month to month from June 1990 through May 1991. More specifically, the number of drug TARs received varied from a low of 11,521 drug TARs during September 1990 to a high of 15,415 drug TARs received during April 1991.

As Figure 1 shows, the total number of all drug TARs received at the drug units was lowest in September, November, and December 1990. According to the chief of the field services branch, fewer drug TARs are received during November and December partly because of the holiday season. People may delay medical visits during the holidays, and in this situation, the number of prescriptions written by physicians during this period would be lower. From January 1991 through April 1991, the number of TARs received increased every month. According to the chief of the field services branch, there are two distinct peaks in overall TAR volume during the calendar year. These peaks typically occur from February through March and from June through July. He further stated that a portion of the seasonal increases may have been caused by the annual cold and influenza and allergy seasons. Attachment A provides more detailed information on the number of drug TARs received each month and the number processed for the period from June 1990 through May 1991.

Figure 1



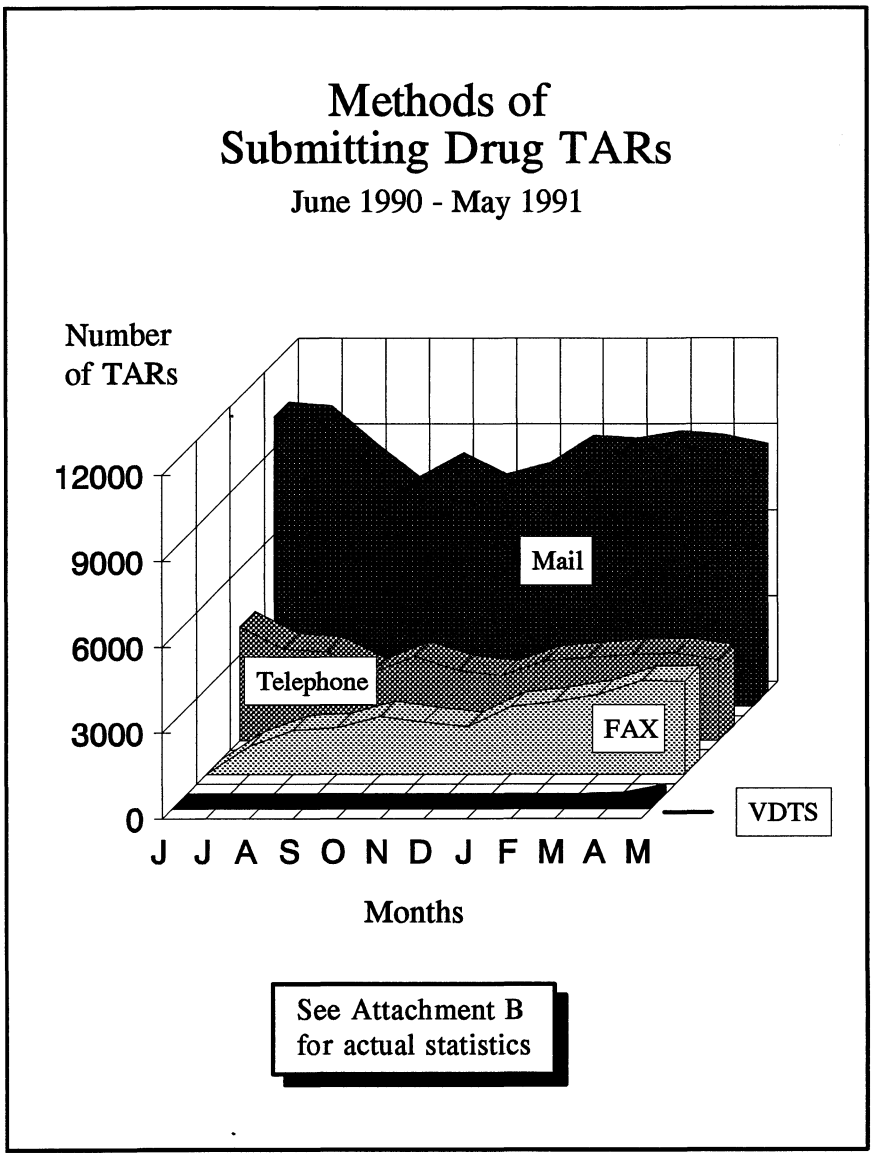
The number of drug TARs received at the drug units was at its highest during April 1991 and May 1991. The high numbers may have occurred partly because of the increase in the number of Medi-Cal beneficiaries. In June 1990, the department reported 3,674,158 Medi-Cal beneficiaries. By April 1991, the number of Medi-Cal beneficiaries increased to 4,194,677, resulting in approximately 520,500 (14 percent) more Medi-Cal beneficiaries eligible to obtain drugs through Medi-Cal. According to the chief

of the field services branch, the Omnibus Budget Reconciliation Act of 1986, the Immigration Reform and Control Act of 1986, and the 185 percent and 200 percent federal poverty level programs resulted in new aid categories and more people who were eligible. These new categories and eligible people may have contributed to the increase in the number of Medi-Cal beneficiaries. Further, the number of eligible people qualifying for the medically needy categories increased significantly.

Changing Methods of Submitting Drug TARs

The methods that providers use to submit drug TARs are changing. For instance, as Figure 2 shows, providers submitted 985 drug TARs by FAX during July 1990. In contrast, during May 1991, providers submitted 3,293 drug TARs by FAX. (As we reported in our January 1991 report, the department's drug units began receiving drug TARs via FAX in July 1990.) However, the number of drug TARs delivered by mail was 10,125 in June 1990 compared with 8,658 in May 1991. Similarly, the number of drug TARs received by telephone was 3,989 in June 1990 and 2,835 in May 1991. Finally, beginning in April 1991, the department began receiving initial and urgent drug TARs through the VDTS. In April, the department received 63 drug TARs through the VDTS, and in May, it received 338 drug TARs through the VDTS. Attachment B provides more detailed information on the four different methods used to submit drug TARs.

Figure 2



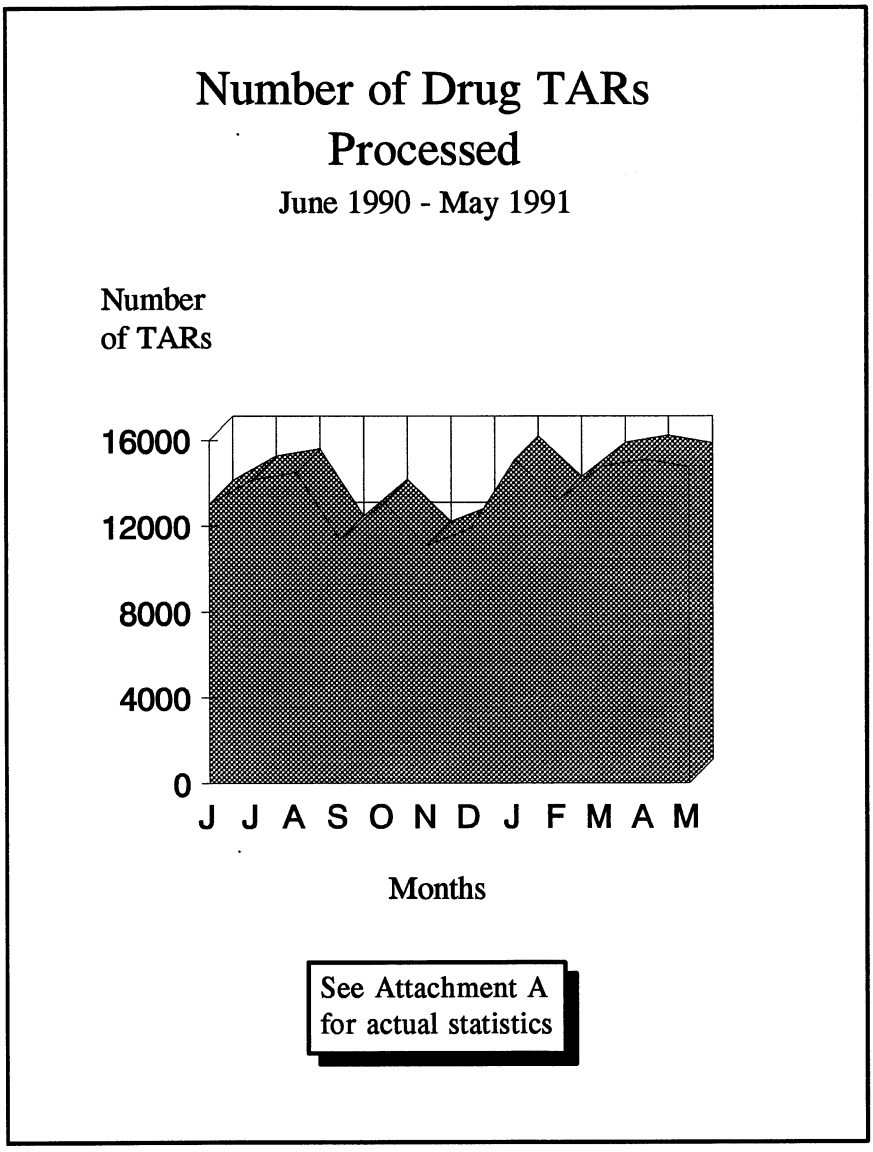
As Attachment B shows, by May 1991, the percentage of drug TARs received by FAX in relation to all drug TARs received was 22 percent compared with 7 percent in July 1990. Meanwhile, the percentage of drug TARs delivered by mail was 72 percent during June 1990 and 57 percent during May 1991.

We surveyed 12 Medi-Cal providers concerning their use of FAX, telephone, and the VDTS for submitting drug TARs. Eleven of the 12 providers stated that they were aware of the VDTS but are not currently using it for submitting drug TARs primarily because they are submitting initial and urgent drug TARs by FAX. Nine of these providers, who previously relied on the telephone and the mail to deliver initial and urgent drug TARs, stated that they now submit initial and urgent drug TARs by FAX because of its simplicity and speed. Some of these providers indicated that they had spent as long as 45 minutes on the telephone when attempting to submit a drug TAR via this method. The other three providers are continuing to submit their initial and urgent drug TARs by telephone and mail. One of these 11 providers is currently using the VDTS for checking the status of pending drug TARs. Only one provider had not heard of the VDTS.

Drug TARs Processed

As Figure 3 shows, from June 1990 through May 1991, the number of drug TARs processed at the drug units fluctuated from month to month. More specifically, the number of drug TARs processed varied from a low of 11,104 drug TARs during November 1990 to a high of 15,242 drug TARs processed during January 1991. During the six months from June 1990 through November 1990, the drug units processed 77,282 drug TARs. During the six months from December 1990 through May 1991, the drug units increased the number of drug TARs processed by 10 percent, to 84,918 drug TARs. The drug TARs available for processing each month include the unprocessed TARs from the previous month as well as those TARs received during the month. (Attachment C provides details on the number of drug TARs approved, modified, denied, and returned by the drug units from June 1990 through May 1991.)

Figure 3



The addition of the Stockton drug unit may have led to the increase in drug TARs processed during the most recent six months. More specifically, during March, April, and May 1991, the Stockton drug unit processed more than 4,000 of the drug TARs processed.

Chapter 457, Statutes of 1990, states that it is the Legislature's intention that the department respond to provider requests within ten rings on the telephone or provide a secondary answering system to record provider calls. Thus, in addition to processing mail-in drug TARs, the Stockton drug unit offered an alternative method for providers to submit drug TARs through the VDTS. The VDTS allows providers to use their telephone to dictate and record requests for drug TARs by using voice-activated prompts. The VDTS also allows providers to inquire into the status of any previously entered drug TAR.

According to the department's deputy director of Medical Care Services, the VDTS can dramatically reduce the telephone time that the provider spends requesting drug TARs, as well as improve the department's response time for drug TAR processing. With the VDTS, the provider's call will not be placed on hold, and it takes only a few minutes to record a request following the prompted messages.

Beginning on April 16, 1991, the department started receiving initial and urgent drug TARs through the VDTS. The Stockton drug unit received and processed 63 drug TARs through the VDTS during April 1991, which is an average of almost six drug TARs a work day. However, during May 1991, the VDTS received and processed 338 drug TARs, or an average of approximately 15 drug TARs a work day.

When the VDTS began operation, the department sent an update to the provider manual explaining the use of the VDTS to all pharmacists participating in the Medi-Cal program. Also in April, the department's deputy director of Medical Care Services sent a letter to all pharmacies participating in Medi-Cal encouraging them to use the VDTS. Finally, the May 1991 issue of California Pharmacist, a trade publication for pharmacists, contained an article describing the VDTS.

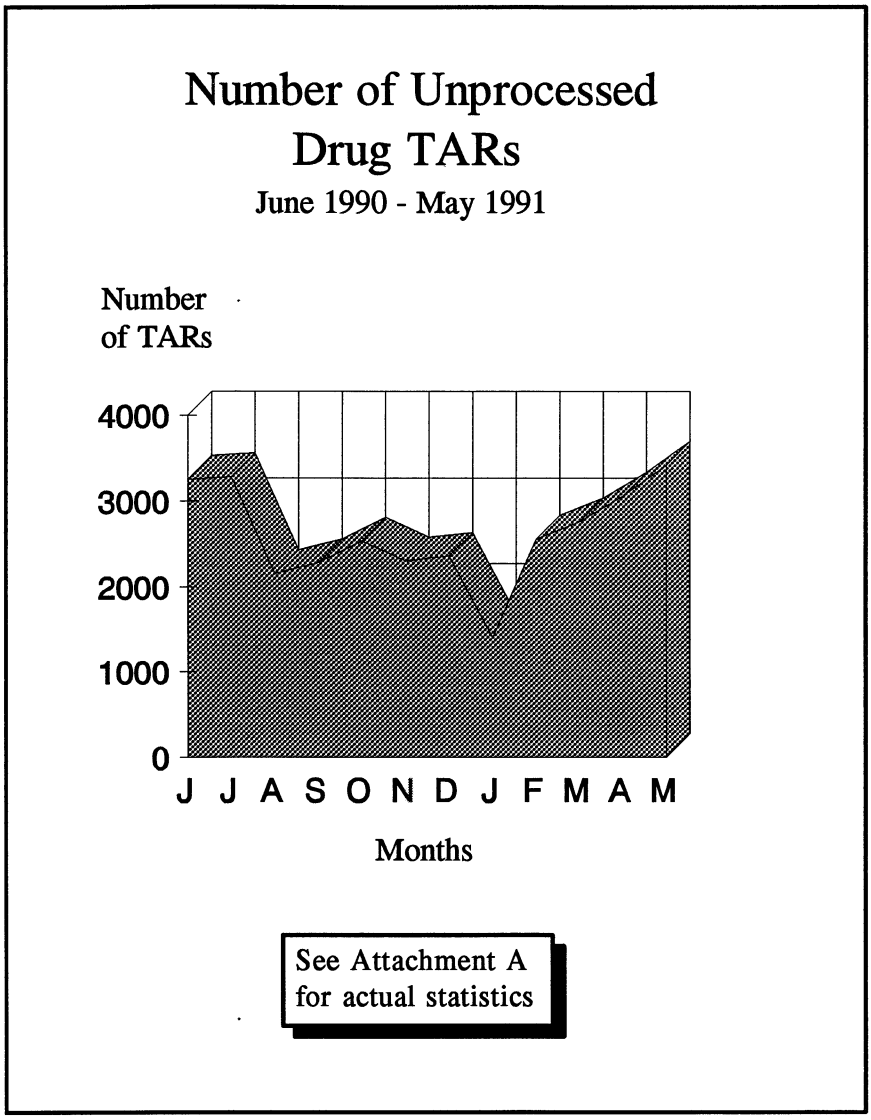
Although the number of drug TARs received through the VDTS is increasing, it is too early to measure how successful the system has been for improving the providers' access to the drug

TAR process. According to the chief of the field services branch, the department will continue to promote the use of the VDTS to pharmacists participating in Medi-Cal to ensure that the system is fully utilized. We plan to report on the department's continuing efforts in this area in our February 1992 report.

Backlog of Unprocessed Drug TARs

As Figure 4 shows, the department's backlog of mail-in drug TARs not processed during a month fluctuated from month to month from June 1990 through May 1991. More specifically, the backlog of drug TARs not processed varied from a high of 3,295 at the end of July 1990 to a low of 1,202 at the end of January 1991. Moreover, the backlog of unprocessed drug TARs at the end of April and May 1991 was 2,544 and 2,905, respectively. Most of this backlog was because of the San Francisco drug unit, which had 2,089 of the 2,544 unprocessed drug TARs at the end of April 1991 and 1,488 of the 2,905 unprocessed drug TARs at the end of May 1991. In contrast, during May 1991, the Los Angeles drug unit had a backlog of mail-in drug TARs of only 756.

Figure 4



The Los Angeles drug unit has been able to reduce its backlog of unprocessed mail-in drug TARs from 1,439 at the end of February 1991 to 756 at the end of May 1991 primarily because, since March 1991, the Stockton drug unit has processed more than 3,200 drug TARs, which were originally mailed to the Los Angeles drug unit. Although, according to its drug unit manager, the Stockton drug unit developed a procedure to process mail-in drug TARs for both the San Francisco and

Los Angeles drug units, the San Francisco drug unit did not send any drug TARs to the Stockton drug unit until May 1991. The chief of the field services branch stated that the branch had no method for predicting the incoming volume of TARs to be received by the Stockton drug unit through the VDTS. As a result, the department determined that initially it would be more prudent to not overload Stockton with mail-in TARs from both Los Angeles and San Francisco since the volume of VDTS TARs was an unknown factor.

According to the chief of the field services branch, the department has instructed both the San Francisco and Los Angeles drug units to continue to send their backlog of unprocessed drug TARs to the Stockton drug unit for processing.

Processing Time for Drug TARs

Section 4401 of the federal Budget Reconciliation Act of fiscal year 1990-91, effective July 1, 1991, states that for the State to require prior authorization for dispensing of drugs it must have the ability to respond to providers by telecommunication within 24 hours of a request.

As previously explained in this report, drug TARs submitted by telephone and FAX are restricted to initial supplies of prescribed drugs or drugs that are urgently needed that are not on the list of contract drugs. We sampled 60 drug TARs at the San Francisco drug unit and 60 drug TARs at the Los Angeles drug unit to find that all 120 were processed within 24 hours as required.

According to the department, the drug units processed drug TARs submitted by mail, which are not as time critical as drug TARs submitted through these other methods, in an average of between 4 to 16 days. All drug units measure the "turnaround time" or the time it takes to process drug TARs, in generally the same manner. The drug units are currently computing turnaround time for mail-in drug TARs by selecting sample drug TARs received during the month and comparing the date that the drug

TAR was received in the originating Medi-Cal drug unit to the date that the completed drug TAR was sent back to the provider. Each drug unit then determines the average time it takes to process drug TARs to arrive at the average turnaround time. The following table shows the average time each drug unit needed to process mailed drug TARs for the period from December 1990 through May 1991.

Average Turnaround Time for Processing Mailed Drug Treatment Authorization Requests at the Drug Units, in Days December 1990 Through May 1991

	December	January	February	March	April	May
Los Angeles	15	8	9	16	14	9
San Francisco	5	4	6	4	8	7
Stockton	-	-	-	-	-	6

Information on Drug TAR Fair Hearings and Complaints Is Reported

For all denied drug TARs, Section 14105.42 of the Welfare and Institutions Code requires the department to report to the Legislature the number of fair hearings requested, approved, denied, and pending. This code section also requires the department to report to the Legislature the numbers of complaints beneficiaries and providers make regarding the difficulty or inability of obtaining a response to a drug TAR.

The department provided us with copies of fair hearing requests beneficiaries made to the Department of Social Services. Beneficiaries request fair hearings to appeal drug TAR requests that were denied by the drug units. From December 1990 through May 1991, the department received only two requests for fair hearings. In one case, the beneficiary was appealing the department's requirement that the beneficiary must receive prior authorization for nonemergency physician services and scheduled drugs. The appeal was denied because it was determined that the beneficiary was improperly utilizing Medi-Cal services

by claiming an excessive number of office visits. In the other case, involving a denied drug TAR, the beneficiary submitted additional medical evidence for the requested drug, and as a result, the department agreed to approve the original request upon receipt of a new TAR by the provider.

Similarly, the department reported receiving only two complaints about its processing of drug TARs from December 1990 through May 1991. Both of these complaints were received at the Los Angeles drug unit. According to the manager of the Los Angeles drug unit, in one case, the complaint was from a pharmacist who did not want to wait on the telephone while submitting a drug TAR. The pharmaceutical consultant responding to the call informed the pharmacist that he could also FAX initial and urgent drug TARs to the field office as an alternative to submitting the TAR by telephone. According to the manager of this drug unit, the pharmacist was satisfied with this resolution. In the other case, a doctor requested that his telephone call, made to submit a drug TAR, should be handled before the other calls waiting in queue were processed. According to the chief of the field services branch, if all the medical transcribers are occupied, incoming calls are transferred to a waiting queue, which holds a maximum of 20 incoming calls. The manager of the Los Angeles drug unit stated that the pharmaceutical consultant responding to the call informed the doctor of this process, and the doctor was satisfied with the explanation.

Errors in Compiling Drug TAR Statistics

The Medi-Cal drug units made several errors compiling the monthly statistical reports, including duplicating counts of mail-in drug TARs. As discussed on page 6 of this report, the Los Angeles drug unit has been sending, since March 1991, some of its mail-in drug TARs to the Stockton drug unit for the personnel at Stockton to process. However, the Los Angeles drug unit manager agreed that the Los Angeles drug unit overstated the number of mailed-in drug TARs received and processed during March 1991. Specifically, the Stockton and Los Angeles drug units both included in their monthly reports for March 1991

the number of drug TARs sent from Los Angeles to Stockton that were received and processed. Furthermore, the drug unit manager told us that in April 1991, the Los Angeles drug unit twice counted the mail-in drug TARs sent to Stockton as received and processed, once by a staff member who compiled the monthly summary and again by an administrative employee who compiled the monthly drug unit activity report. In April 1991, the Stockton drug unit also counted these drug TARs as received and processed. As a result, the department triple-counted the number of these drug TARs received and processed in April.

We discussed these duplication errors with the Los Angeles drug unit manager. He attributed them to a lack of coordination between the Los Angeles drug unit and the Los Angeles administration office when these units prepare the monthly field activity reports sent to the department. He further stated that his unit would no longer include those mail-in drug TARs sent to the Stockton drug unit in the Los Angeles drug unit's counts. We were able to adjust for the duplication errors we found.

Additionally, the drug units incorrectly counted daily and monthly drug TARs received and processed and incorrectly transferred data from daily to monthly reports. However, the impact of these errors was immaterial in relation to the overall monthly figures. The drug unit managers at the three locations attributed these errors to the inexperience and carelessness of their staff.

According to the chief of the field services branch, the Los Angeles and San Francisco drug units will not include in their drug TAR statistics those mail-in drug TARs that are sent to the Stockton drug unit for processing.

We conducted this review under the authority vested in the auditor general by Section 10500 et seq. of the California Government Code and according to generally accepted governmental auditing standards. We limited our review to those areas specified in the audit scope section of this letter report.

Respectfully submitted,

KURT R. SJOBERG
Auditor General (acting)

Staff: Steven M. Hendrickson, Audit Manager
Keith Kuzmich
Janet LaRoss

Attachments

A Drug Treatment Authorization Requests Processed June 1990 Through May 1991

B Drug Treatment Authorization Requests Received by Four Different Methods June 1990 Through May 1991

C Drug Treatment Authorization Requests Approved, Modified, Denied, and Returned June 1990 Through May 1991

Response to the Audit

Health and Welfare Agency
Department of Health Services

Office of the Auditor General's Comments on the Response From the Department of Health Services

Attachment A Drug Treatment Authorization Requests Processed June 1990 Through May 1991

	Unprocessed TARS at Beginning of Month	TARs Received During Month	Total Available To Be Processed	Total Processed During Month	Unprocessed TARs	Percent of TARs Processed
June	2,160	14,114	16,274	13,015	3,259	79.97%
July	3,259	14,200	17,459	14,164	3,295	81.13
August	3,295	13,366	16,661	14,502	2,159	87.04
September	2,159	11,521	13,680	11,394	2,286	83.29
October	2,286	13,359	15,645	13,103	2,542[a]	83.75
November	1,477[a]	11,938	13,415	11,104	2,311	82.77
December	2,311	11,952	14,263	11,897	2,366	83.41
January	2,366	14,078	16,444	15,242	1,202	92.69
February	1,202	14,369	15,571	13,206	2,365	84.81
March	2,365	14,694	17,059	14,695	2,244	86.14
April	2,244	15,415	17,659	15,115	2,544	85.59
May	2,544	15,124	17,668	14,763	2,905	83.56

[a]The number of unprocessed drug TARs at the end of October does not agree with the number of unprocessed drug TARs at the beginning of November. The manager of the San Francisco drug unit stated that unit staff did a hand count of the actual drug TARs that were unprocessed at the end of October and found that the unit's accounting records overstated by 1,065 the number of unprocessed drug TARs for the end of the month. Because of this finding, unit staff adjusted the number of unprocessed drug TARs reported at the beginning of November.

Source: Department of Health Services

Note: As discussed on pages 6 and 18 to 19 of this report, we identified duplicate counts of mail-in drug TARs. We corrected and made appropriate adjustments for these errors.

Attachment B Drug Treatment Authorization Requests Received by Four Different Methods June 1990 Through May 1991

	Telephone	FAX	Mail	VDTS	Monthly Total	Percentage Total
June	3,989	--	10,125	--	14,114	
	28.26%		71.74%			100.00%
July	3,225	985	9,990	--	14,200	
	22.71%	6.94%	70.35%			100.00
August	3,126	1,561	8,679	--	13,366	
	23.39%	11.68%	64.93%			100.00
September	2,358	1,646	7,517	--	11,521	
	20.47%	14.29%	65.24%			100.00
October	2,955	2,064	8,340	--	13,359	
	22.12%	15.45%	62.43%			100.00
November	2,483	1,849	7,606	--	11,938	
	20.80%	15.49%	63.71%			100.00
December	2,282	1,661	8,009	--	11,952	
	19.09%	13.90%	67.01%			100.00
January	2,748	2,379	8,951	--	14,078	
	19.52%	16.90%	63.58%			100.00
February	2,934	2,570	8,865	--	14,369	
	20.42%	17.89%	61.70%			100.00
March	2,966	2,816	8,912	--	14,694	
	20.19%	19.16%	60.65%			100.00
April	3,075	3,310	8,967	63	15,415	
	19.95%	21.47%	58.17%	0.41%		100.00
May	2,835	3,293	8,658	338	15,124	
	18.75%	21.77%	57.25%	2.23%		100.00

Source: Department of Health Services

Note: As discussed on pages 6 and 18 to 19 of this report, we identified duplicate counts of mail-in drug TARs. We corrected and made appropriate adjustments for these errors.

Attachment C Drug Treatment Authorization Requests Approved, Modified, Denied, and Returned June 1990 Through May 1991

The following table presents the data on the number of drug TARs approved, modified, denied, and returned by the drug units from June 1990 through May 1991.

	Approved	Modified	Denied	Returned	Total Processed[a]
June	9,350	2,001	1,226	438	13,015
July	9,169	2,008	1,361	1,626	14,164
August	8,980	2,650	2,045	827	14,502
September	7,222	1,847	1,565	760	11,394
October	8,377	2,215	1,698	813	13,103
November	7,033	1,811	1,455	805	11,104
December	7,800	1,989	1,385	723	11,897
January	8,994	3,457	1,667	1,124	15,242
February	8,322	2,533	1,536	815	13,206
March	9,810	2,308	1,741	836	14,695
April	9,490	2,940	1,697	988	15,115
May	9,530	2,531	1,864	838	14,763

Source: Department of Health Services

[a]As discussed on pages 6 and 18 to 19 of this report, we identified duplicate counts of mail-in drug TARs. We corrected and made appropriate adjustments for these errors.

When a drug TAR is approved, it is accepted by one of the Department of Health Services' drug units as submitted.

When a drug TAR is denied, it is rejected as submitted.

When a drug TAR is modified, the drug units have changed it in some way and then approved it. Changes could include a difference in the quantity of the drug requested, a change in the time for which the drug is approved, or the denial of or change to one drug request on a drug TAR with several requests.

When a TAR is returned, it lacks sufficient information for the drug unit to make a decision. The drug unit returns the drug TAR to the provider for clarification.

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Mr. Kurt R. Sjoberg
Auditor General (Acting)
Office of the Auditor General
660 J Street, Suite 300
Sacramento, CA 95814

Dear Mr. Sjoberg:

Secretary Gould has asked me to respond to your July 9, 1991, draft report concerning the Department of Health Services' processing of drug Treatment Authorization Requests (TARs). We appreciate you giving us the opportunity to review and comment on the draft report prior to submission to the Legislature. Our concerns and comments are outlined below:

1. The "Background" Section on page 4 of the report is concluded by a description of the Stockton Medi-Cal Drug Unit and the Voice Drug TAR System (VDTS) process. We would like to mention that the turnaround time for processing VDTS TARs is currently less than three hours. Providers may use the VDTS to inquire upon the status of previously submitted TARs while awaiting receipt of the TAR copies in the mail. ①*

2. We would suggest that the terminology of the first paragraph of the "Backlog of Unprocessed Drug TARs" Section be modified to refer to the Department's backlog of **unprocessed mail-in drug TARs or TARs awaiting consultant review**, instead of: "the department's backlog of mail-in drug TARs not processed ...". This phraseology is consistent with the title, the following paragraph, and provides a better description of the status of the TARs in question. "TARs not processed" is not descriptive and could lead to misinterpretation. ②

3. Page 16 of the report also contains a discussion of turnaround time for processing drug TARs. The Department would appreciate your adding an explanation that mail-in drug TARs are generally requests for drugs already dispensed to patients or are for reauthorization of previously approved requests. ③

4. Page 18 refers to errors made in the counting and tabulating of TARs received and processed by the drug units. Clerical errors in counting large volumes of documents are common and to be expected. As stated in your report, the impact of the errors was immaterial in relation to the overall figures. The Department understands that the majority of errors

*The Office of the Auditor General's comments on this response begin on page 26.

were made in transferring data from the daily to monthly reports. Further, as my staff discussed with your staff in June, we discovered in early May that both the Los Angeles and Stockton Medi-Cal Drug Units were reporting counts for the TARs which were shipped from Los Angeles to Stockton for processing. Los Angeles was contacted at that time and directed to exclude further counts of these TARs in its statistics.

We would appreciate the incorporation of our concerns and clarifications into your report. Thank you again for providing us this opportunity for comment and input. Should you or your staff have further questions regarding these issues, please contact Mr. John Rodriguez, Deputy Director, Medical Care Services, at (916) 322-5824.

Sincerely,

John Rodriguez for

Molly Joel Coye, M.D., M.P.H.
Director

cc: Mr. Russell S. Gould, Secretary
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Mr. John Rodriguez
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Comments

Office of the Auditor General's Comments on the Response From the Department of Health Services

① We mention the Voice Drug TAR System process for checking on the status of previously submitted TARs on pages 5 and 13 of our report.

② It is our position that the section of the report entitled "Backlog of Unprocessed Drug TARs" accurately describes this issue.

③ We provide an explanation of mail-in drug TARs in the background section of our report on page 3.