



Interim Report on the Review of United Healthcare Services, Inc. Pharmacy Claims for Broward County

Office of the County Auditor

Audit Report

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OFFICE OF THE COUNTY AUDITOR

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March 12, 2026

Honorable Mayor and Board of County Commissioners,

Based on the unique and complex nature of medical and pharmacy claims benefits administration and invoicing practices, we engaged the services of an experienced and specialized third party auditor, TFG Partners, LLC (TFG) to conduct a review of the Agreement Between Broward County and United Healthcare Services, Inc. for Administrative Management Services for Self-Insured Group Health Insurance Coverage and Benefits and Pharmacy Benefit Management Services for Broward County Benefits-Eligible Individuals (RFP #TEC2122482P1). The objectives of the review were to verify all claims were correctly adjudicated and contractual compliance of other requirements and services provided by United Healthcare Services, Inc. (UHC) for pharmacy claims processed as part of plan year 2022, and through the second quarter of 2023.

To facilitate reporting of identified issues, the review process has been separated into multiple phases. The first, and the subject of this report, is a review of pharmacy claims and related contract requirements. The additional phases, which are not yet complete, include reviews of medical claims and other related contract requirements which will be presented to the Board in individual reports upon conclusion of the respective reviews.

Due to the extended and continuing nature of this review, we are issuing this Interim Report to provide the Board of County Commissioners with current information. While most audit activity has been completed, recent submissions by UHC necessitate additional follow up audit actions to validate all potential amounts due to the County. We plan to initiate this follow-up phase as soon as possible and will provide the Board with an updated report once all appropriate actions are completed.

This current interim report presents the results of the review of pharmacy claims, including pricing and rebate requirements and guarantees, and the completeness of rebate claims submitted to pharmacy manufacturers for the periods relating to 2022 and 2023 utilization. TFG has completed detailed and summary reports of their work and UHC's responses. TFG's summary report and final findings are attached herein as Appendix B.

With the exceptions of the issues regarding payment of contractual guarantees as discussed below and further detailed in this Report, TFG has concluded that plan benefits were

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implemented in a manner consistent with the Agreement, and there was a high level of compliance between the terms of rebate manufacturer contracts and rebates invoiced on behalf of Broward County.

We concur with TFG's assessment of the underpaid guarantee amounts for 2022 pharmacy pricing and rebate guarantees and note discrepancies in UHC's calculations continued for 2023 guarantee reporting. In summary, and as a direct result of the current audit, UHC has remitted to the County approximately \$630,000 in previously underreported amounts, resulting in an approximate total of \$1.1M paid to County to date for 2022 and 2023 discount pricing and rebate guarantees. However, additional 2023 pharmacy rebate guarantee amounts continue to be due to the County and have not yet been remitted by UHC. UHC has presented the amount due to be approximately \$90,000. Additional follow-up audit activity is necessary to verify UHC's reporting and will be communicated to the Board in our Final Report.

We appreciate the cooperation and assistance provided by the Human Resources Division and the County Attorney's Office throughout the review process.

Please be advised that the information presented herein is not considered an audit in accordance with Generally Accepted Governmental Auditing Standards. Had we conducted an audit, we may have identified additional findings and concerns.

Respectfully submitted,



Bob Melton
County Auditor

cc: Monica Cepero, County Administrator
Andrew Meyers, County Attorney
Kevin Kelleher, Deputy County Administrator
Stephen Farmer, Acting Chief Financial Officer
Allen Wilson, Director, Human Resources

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INTRODUCTION

Scope and Methodology

The Office of the County Auditor conducts audits of Broward County's (County) entities, programs, activities, and contractors to provide the Board of County Commissioners, Broward County's residents, County management, and other stakeholders with unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

Based on the unique and complex nature of medical and pharmacy claims benefits administration and invoicing practices, we engaged the services of an experienced and specialized third party auditor, TFG Partners, LLC (TFG) to conduct a review of the Agreement Between Broward County and United Healthcare Services, Inc. for Administrative Management Services for Self-Insured Group Health Insurance Coverage and Benefits and Pharmacy Benefit Management Services for Broward County Benefits-Eligible Individuals (RFP #TEC2122482P1)(Agreement).

To facilitate reporting of identified issues, the review process has been separated into multiple phases. The first phase, and the subject of this report, is a review of pharmacy claims and related guarantees. The additional phases, which are not yet complete, include reviews of medical claims and other related contract requirements. For this review, TFG considered Pharmacy Benefit Manager (PBM) services provided by United Healthcare Services, Inc. (UHC) for pharmacy claims processed as part of plan year 2022, and through the second quarter of 2023. TFG's review also considered the reporting and payment of pharmacy discount pricing and rebate guarantee amounts for plan year 2022. Our Office initiated a preliminary review of pharmacy discount pricing and rebate guarantee amounts for plan year 2023; however, additional audit activity will be needed to complete this effort.

The objectives of the review of pharmacy claims were:

1. To verify the accuracy of all pharmacy claims adjudicated, including pricing and rebate guarantees, and contractual compliance regarding pharmacy benefit manager services.
2. To verify the completeness of rebate claims submitted to pharmacy manufacturers.
3. To identify any opportunities for improvements.

To accomplish these objectives, as the County's representative, TFG was authorized to review all contract records. TFG conducted virtual audits of UHC records, including its contracts with pharmaceutical manufacturers. TFG has separately completed both detail and summary reports

of their work and UHC's responses. TFG's summary report is attached herein as Appendix B. Due to the sensitive nature of the services provided, TFG's detailed report is not included herein.

This cover report summarizes the work and findings of TFG's review, our Office's follow-up activities, and provides additional information and opportunities for improvement.

Overall Conclusion

With the exceptions of the issues regarding the underpayment of contractual guarantees as discussed below and within this Report, TFG has concluded that plan benefits were implemented in a manner consistent with the Agreement, and there was a high level of compliance between the terms of rebate manufacturer contracts and rebates invoiced on behalf of Broward County.

We concur with TFG's assessment of the underpaid guarantee amounts for 2022 pharmacy pricing and rebate guarantees and note discrepancies in UHC's calculations continued for 2023 guarantee reporting. In summary, and as a direct result of the current audit, UHC has remitted to the County approximately \$630,000 in previously underreported amounts, resulting in an approximate total of \$1.1M paid to County to date for 2022 and 2023 discount pricing and rebate guarantees. However, additional 2023 pharmacy rebate guarantee amounts continue to be due to the County and have not yet been remitted by UHC. UHC has presented the amount due to be approximately \$90,000. Additional follow-up audit activity is necessary to verify UHC's reporting and will be communicated to the Board in our Final Report. Opportunities for improvement are included in this cover report.

Background

On November 8, 2021, Broward County, Board of County Commissioners executed the Agreement between Broward County and United Healthcare Services, Inc. for Administrative Management Services for Self-Insured Group Health Insurance Coverage and Pharmacy Benefit Management Services for Broward County Benefits-Eligible Individuals (RFP #TEC2122482P1) (Agreement). The Agreement was effective upon execution, with an initial term of three years, through December 31, 2024, plus two one-year optional renewal periods for years 2025 and 2026. The Human Resources Division (HRD) serves as the contract administering agency for this Agreement.

Based on information provided by HRD, Broward County provided health benefit coverage to an approximate monthly average of 5,320 employees and their dependents, representing an average of 10,590 members for the review period of January 1, 2022, through June 30, 2023. During this period, there were 159,408 pharmacy related claims, resulting in \$39,891,661 in paid claims.

Agreement Overview

Under the terms of the Agreement, United Healthcare Services, Inc. (UHC) is to provide Plan Manager and Pharmacy Benefit Manager services to Broward County (County) and has fiduciary responsibilities to the County. In providing healthcare benefits to its employees, the County is 'self-insured'. This generally means that all medical and pharmacy claims for members (eligible employees and family members, as applicable) are paid for by the County (after applicable member deductibles, co-insurance and/or co-payments). Services provided are based upon the County's Plan Design documents, which provides a framework for, and defines, eligible services and benefits.

Provider claims are processed by UHC, in accordance with the Plan Design, and based upon UHC's various agreements with medical providers, hospitals, pharmacies and pharmacy manufacturers. The Agreement requires UHC to achieve certain pricing guarantees across these individual contracts for services. UHC is also required to provide various services related to ensuring the cost-effective delivery of services and high-quality health care services, as well as the achievement of various performance metrics. UHC is paid an administrative fee for its services. UHC's Pharmacy Benefit Manager services are provided by their affiliate entity, Optum Rx.

Section 13.24 of the Agreement permits other public entities in Broward County to 'piggyback' on these services, essentially allowing, with agreement by all entities, use of this agreement under same terms. At present, CareerSource Broward is a 'piggyback' entity.

As the information provided within this report is technical, a brief glossary of definitions is provided for reference in Appendix A.

Pharmacy Benefit Guarantees

As noted above, as part of the Agreement, UHC is required to meet certain pricing guarantees when providing services. Regarding pharmacy services, the primary guarantees are for minimum percentage discounts for pricing of various prescription medications, and minimum amounts to be received from drug manufacturers in the form of rebates. The primary issues identified during the audit relate to the identification of additional amounts due to the County based on these guarantees. Per the terms of the Agreement, if UHC does not meet contractually required minimum guarantees during the plan year, any difference between the actual amounts paid (or received) and the guarantee amount, is due to the County within 180 days after the close of the plan year.

For discount pricing guarantees, Exhibit D, Section 2.3, of UHC's Agreement with Broward County, as shown in Exhibit 1, requires UHC to achieve various annual overall pricing discount guarantees for generic, brand, and specialty prescriptions (referred to as the 'component'), whether filled by

mail order or retail pharmacies, or in 30 or 90-day quantities (referred to as the ‘channel’). These guarantees are presented as a ‘percentage off’ standard pricing. For example, as shown in Exhibit 1, in 2022, all generic drugs, filled at a retail pharmacy in a 30-day quantity are required to receive a minimum overall discount pricing of 84.30% off from the ‘average wholesale price’ (AWP). UHC is required to perform an annual reconciliation process, calculating if, on average, each discount guarantee was met. “True-up” Reports are to be submitted within 180 days of the close of each calendar year, and any amounts due to the County are to be credited within 30 days of County’s acceptance of the report.

Exhibit 1:

The Agreement Defines Minimum Pharmacy Percentage Discounts for Each Year

Pharmacy Discount Percentage (% discount from Average Wholesale Price (AWP))					
Channel	2022 Per Net Paid Claim	2023 Per Net Paid Claim	2024 Per Net Paid Claim	2025 Per Net Paid Claim	2026 Per Net Paid Claim
Brand Formulary Retail 30	18.50%	18.60%	18.70%	18.70%	18.70%
Generic Formulary Retail 30	84.30%	84.40%	84.50%	84.50%	84.50%
Brand Formulary Retail 90	24.75%	24.85%	24.95%	24.95%	24.95%
Generic Formulary Retail 90	84.30%	84.40%	84.50%	84.50%	84.50%
Brand Formulary Mail Service	25.25%	25.35%	25.45%	25.45%	25.45%
Generic Formulary Mail Service	86.80%	86.90%	87.00%	87.00%	87.00%
Brand Specialty Exclusive Network	21.00%	21.10%	21.20%	21.20%	21.20%
Generic Specialty Exclusive Network	21.00%	21.10%	21.20%	21.20%	21.20%

Source: Excerpt from Exhibit D of the Agreement.

For pharmacy rebate guarantees, Exhibit D, Section 2.3, of UHC’s Agreement with Broward County requires UHC to “pay the County the greater of (1) 100% of all Rebates Plan Manager (or any affiliate or subsidiary) directly or indirectly receives that can be attributed to allowable utilization of Plan Participants; or (2) the minimum guarantees as shown...” The Agreement then displays a table, as shown in Exhibit 2, that lists, for all ‘brand’ drugs, minimum rebate amounts ‘per net paid brand claim.’ For example, in 2022, a 30-day supply of a brand drug, filled at a retail pharmacy, would have a minimum guaranteed rebate of \$217, while a specialty drug would have a minimum rebate of \$2,500. Accordingly, UHC would need to remit to the County the greater of all amounts actually received for rebates for each type of brand or specialty drug fills, or the contracted minimum guarantee amount. Exhibit A, Sections 1.136 and 1.137 of the Agreement, provide expansive definitions of all types of fees and amounts to be considered as ‘rebates’ and states that minimum guarantees apply to all brand and specialty prescription utilizations, whether filled at a retail or specialty pharmacies, or by mail order, and are not subject to a minimum days’ supply.

Exhibit 2:

The Agreement Defines Minimum Rebate Amounts for Each Year

Rebates All Brand Drugs (Preferred & Non-Preferred)					
Channel	2022 Per Net Paid Brand Claim	2023 Per Net Paid Brand Claim	2024 Per Net Paid Brand Claim	2025 Per Net Paid Brand Claim	2026 Per Net Paid Brand Claim
All Brand Drugs (Preferred & Non-Preferred)					
Retail 30 Minimum:	\$217.00	\$230.00	\$240.00	\$240.00	\$240.00
Retail 90 Minimum:	\$800.00	\$830.00	\$860.00	\$860.00	\$860.00
Mail Minimum:	\$900.00	\$930.00	\$960.00	\$960.00	\$960.00
Specialty Minimum:	\$2,500.00	\$2,750.00	\$3,000.00	\$3,000.00	\$3,000.00

Source: Excerpt from Exhibit D of the Agreement.

SUMMARY OF IDENTIFIED ISSUES

TFG's summary report is provided in Appendix B of this report. With the exceptions of the issues regarding the underpayment of contractual guarantees as discussed in this section of the Report, TFG has concluded that plan benefits were implemented in a manner consistent with the Agreement, and there was a high level of compliance between the terms of rebate manufacturer contracts and rebates invoiced on behalf of Broward County.

The primary issues, as discussed in detail in this section of the Report, relate to the initial undercalculation and underpayment of prescription drug pricing discount guarantees and rebate guarantees, for plan years 2022 and 2023. Exhibit 3 summarizes the original calculations of these guarantees by UHC (Column A), the additional minimum guarantee amounts determined based upon the audit activity to date (Column B) the total guarantee amounts identified as due to the County to date (Column C), and the pre- and post- audit and total amounts paid by UHC to date (Columns D, E, and F, respectively). Our Office is unable to confirm the amount presented by UHC for 2023 rebate guarantees at this time, and additional audit activity will be initiated; however, it is important to note that UHC has not yet paid the County for the amount they have calculated as due for 2023 utilization. Each 'Issue No.' identified in Exhibit 3 is discussed in its corresponding 'Issue No.' in this section of the Interim Report, providing details on the respective calculations and follow-up activities to ensure the correct amounts due are paid to the County.

Exhibit 3:

Audit Activity Identified an additional \$628,907 Due to the County for 2022 Discount and Rebate Guarantees and 2023 Discount Guarantees; Additional Amounts Due for 2023 Rebate Guarantees Cannot be Confirmed at this Time

		(A)	(B)	(C)	(D)	(E)	(F)
Issue #	Requirement	Guarantee Amount Originally Reported as Due to County by UHC	Additional Guarantee Amount Due to County Identified by Audit Activity to Date	Total Guarantee Amounts Due to County (Columns A + B)	Pre-Audit Guarantee Amount Paid to County by UHC	Additional Post- Audit Guarantee Amount Paid by UHC	Total Guarantee Amounts Paid to Date by UHC (Columns D+E)
1	2022 Rx Discount Guarantee	\$ 222,737	\$ 160,329	\$ 383,066	\$ 222,737	\$ 160,329	\$ 383,066
2	2022 Rx Rebate Guarantee	* Guarantee met	\$ 252,527	\$ 252,527	\$ -	\$ 252,527	\$ 252,527
3	2023 Rx Discount Guarantee	\$ 246,561	\$ 216,051	\$ 462,612	\$ -	\$ 462,612	\$ 462,612
	Subtotals	\$ 469,298	\$ 628,907	\$ 1,098,205	\$ 222,737	\$ 875,468	\$ 1,098,205
4	2023 Rx Rebate Guarantee	\$ 90,014	To Be Determined	To Be Determined	\$ 0	\$ 0	\$ 0

Source: Prepared by Office of the County Auditor; table includes non-material rounding of certain amounts.

* UHC originally reported actual amounts paid for 2022 rebates exceeded guarantee calculations and no 2022 guarantee payments were due.

In summary, as shown in Exhibit 3, for 2022 and 2023 pharmacy discount pricing and 2022 rebate guarantees, UHC originally reported approximately \$469,298 due to the County; however, after recalculations due to audit activity, and additional reporting provided by UHC at our Office's request, we estimate an additional \$628,907 was identified as due to the County, for a minimum total amount of \$1,098,205 for these three contractual guarantees, which UHC has paid the County via invoice credit or check. UHC has submitted reporting for 2023 pharmacy rebate guarantees indicating \$90,014 as due to the County, which remains unpaid. We are currently unable to verify this amount; additional information on this guarantee is provided in Issue No. 4.

For each issue identified below, recommendations for improvements are provided.

1. UHC Incorrectly Calculated Pharmacy Pricing Guarantees for Calendar Year 2022 and Initially Underpaid the County by Approximately \$160,329.

During the audit, errors in UHC's calculation of pharmacy pricing guarantees were identified, which resulted in an initial underpayment to Broward County of approximately \$160,329. Specifically, UHC originally reported and remitted to the County, a pricing guarantee shortfall of \$222,737. During the audit, it was discovered that UHC did not follow contract requirements in their calculation methodology, and the correct amount due to the County was approximately \$383,066 (\$222,737 (originally reported) + \$160,329 (additional amounts due) = \$383,066 (total amount due)). The additional amounts due were paid to the County by UHC on May 22, 2025.

As noted in the Background section of this Report, Exhibit D of UHC's Agreement with Broward County requires UHC to achieve various annual overall pricing discount guarantees for generic, brand, and specialty prescriptions (also referred to as the 'component'), whether filled by mail order or retail pharmacies, or in 30 or 90-day quantities (also referred to as the 'channel'). For Broward County members' prescription plan usage in 2022, UHC originally reported a net shortfall in achieving discount pricing guarantees of approximately \$222,737 and amounts were credited to the County's invoices in 2023. However, during the audit, it was discovered by our Office and TFG that this amount was incorrectly calculated by UHC. Specifically, UHC calculated the amount due to the County by allowing savings above the guarantee amount in one 'channel' or 'component' of drugs to 'offset' shortfalls in attainment of guarantees in another channel or component of drugs. Per Exhibit A, Section 1.8, of the Agreement, "Discounts will be reconciled on an individual component basis with no offsets. Any excess discounts delivered in one component may not be used to offset underperformance in another component under the Agreement." Further, Exhibit D, Section 2.3.3.a states, "No excess discount delivered in one Component may be credited to another Component within that Channel or another Channel (i.e., no offsetting is permitted)."

Subsequently, as part of the audit process, UHC agreed with the audit team regarding the offsetting calculation error and recalculated the pricing guarantee for 2022. UHC's updated reporting indicated the correct pricing guarantee shortfall amount due to the County was approximately \$383,066, resulting in an additional amount of \$160,329 due to the County. These calculations were reviewed and found reasonable by TFG. UHC remitted the underpaid amount to the County via check dated May 22, 2025. No additional action is required regarding 2022 pharmacy pricing guarantees at this time.

We recommend management direct HRD to review future pharmacy pricing guarantee reconciliation reports to help ensure amounts are correctly calculated in (i.e., at a minimum, no offsetting), and all amounts due are remitted to the County in accordance with the terms of the agreement.

2. UHC Incorrectly Calculated Pharmacy Rebate Guarantees for Calendar Year 2022 and Initially Underpaid the County by Approximately \$252,527.
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During the audit, errors and omissions in UHC's calculation of pharmacy rebate amounts due/guarantees were identified, which resulted in an initial underpayment of approximately \$252,527 to Broward County.

As noted in the Background section of this Report, Exhibit D of UHC's Agreement with Broward County requires UHC to "pay the County the greater of (1) 100% of all Rebates Plan Manager (or any affiliate or subsidiary) directly or indirectly receives that can be attributed to allowable utilization of Plan Participants; or (2) the minimum guarantees as shown..." The Agreement then displays a table that lists, for all 'brand' drugs minimum rebate amounts 'per net paid brand claim.'

For 2022, UHC originally reported that actual amounts remitted to the County for pharmacy rebates exceeded the minimum guarantee requirement, and no additional amounts were due. However, during the audit, TFG identified additional branded pharmacy claims that were not included in UHC's 2022 rebate calculations, and UHC was requested to perform an additional financial impact assessment. Subsequently, 487 previously omitted pharmacy claims were identified which qualified for minimum rebate guarantee reporting, as well as corrections to previous calculations including removing 'offsetting'. The updated calculations were submitted by UHC on February 24, 2025, and identified underpaid rebate guarantee amounts of approximately \$252,527. UHC's updated reporting was reviewed and found reasonable by TFG. The underpaid rebate guarantee amount of \$252,527 was remitted by UHC to the County via check dated May 22, 2025. No additional action is required regarding 2022 pharmacy rebate guarantees at this time.

We recommend management direct HRD to review future pharmacy rebate reconciliation reports to help ensure amounts are correctly calculated in (i.e., at a minimum, no offsetting), and all amounts due are remitted to the County in accordance with the terms of the agreement.

3. UHC Incorrectly Calculated Pharmacy Discount Pricing Guarantees for Calendar Year 2023 and Initially Underpaid the County by Approximately \$216,051.

The same ‘offsetting’ methodology errors identified in UHC’s original reporting of 2022 discount guarantees were repeated in UHC’s initial 2023 pricing guarantee reporting and therefore required recalculation by UHC of the amounts due to the County. Our Office requested updated reporting from UHC, which was submitted on June 13, 2025. In this report, UHC indicated that a total amount of \$462,612 was due to the County (\$246,561 (originally reported) + \$216,051 (additional amounts due)) for 2023 pharmacy discount pricing guarantees. This amount was paid to the County on October 20, 2025.

During the audit, as methodology errors were identified in UHC’s reporting for 2022 utilization, in email correspondence with HRD on October 8, 2024, UHC acknowledged the likelihood of errors in their original 2023 calculations, representing \$246,561 as due to the County. Since March 2025, in furtherance of addressing all issues related to TFG’s audit, our Office requested UHC to review, and as applicable, re-calculate discount and rebate guarantee amounts for County member’s prescription usage in 2023. In an email dated June 6, 2025, UHC representatives declined to do so, pending issuance of a final audit report. However, after additional communication from our Office regarding their contractual obligations, on June 13, 2025, UHC presented updated reporting indicating a total amount of \$462,612 as due to the County for 2023 pharmacy pricing discount guarantees. This update indicated that an initial underreporting of \$216,051 had occurred ($\$462,612$ (updated reporting) $-\$246,561$ (original reporting) = $\$216,051$ underreported).

Our Office and TFG initially considered the presented updated discount pricing guarantee reconciliation report and amount due of \$462,612 to be reasonable. In an email to UHC on June 26, 2025, we communicated to UHC the expectation that a check should be submitted for this amount, which was confirmed by UHC on the same date. Payment was received from UHC on October 20, 2025.

However, based upon discrepancies in UHC’s subsequent reporting of 2023 rebate guarantees (detailed in Opportunity for Improvement No. 4 of this report), our Office will be engaging TFG

to conduct a full audit of all 2023 guarantee amounts, including verification of UHC's presented discounted pricing guarantee.

We recommend management direct HRD to review future pharmacy pricing guarantee reconciliation reports, including reporting for 2024, to help ensure amounts are correctly calculated in (i.e., at a minimum, no offsetting), and all amounts due are remitted to the County in accordance with the terms of the agreement.

4. Due to Discrepancies in UHC Reporting, Our Office Cannot Validate the Amount Due to the County for 2023 Rebate Guarantees

Based on methodology errors identified in the original audit in the calculation of 2022 rebate guarantee reporting, updated 2023 rebate reporting was requested by our Office from UHC. On June 27, 2025, UHC submitted reporting indicating \$90,014 was due to the County for 2023 rebate guarantees. However, our Office reviewed the data provided and noted discrepancies across the numbers of prescriptions used in UHC's rebate guarantee reporting as compared to UHC's pharmacy discount guarantee reporting. UHC was initially unresponsive to our Office's requests for clarification; however, UHC has recently provided additional comments on February 6, 2026, but the information offered does not satisfactorily address all concerns. At this time, it appears additional audit engagements are needed to determine the complete and correct 2023 rebate guarantee amount due to the County from UHC.

As noted in the discussion for Issue No. 3, on June 13, 2025, UHC submitted discount guarantee reporting for 2023 prescriptions, which included quantities of each prescription type. UHC's reporting for prescription rebate guarantees was submitted separately by UHC on June 27, 2025, indicating the 2023 rebate guarantee amount due to the County as \$90,014. This report was reviewed by our Office, and it was observed that UHC calculated the pharmacy rebate guarantees utilizing different prescription quantities than presented by UHC in the discount guarantee report previously submitted on June 13, 2025.

Exhibit 4 shows the differing quantities of prescription drug 'fills' reported by UHC for 2023 discount guarantees and for 2023 rebate guarantees. It is noted that the rebate guarantee reporting, in total, contained approximately 600 more Brand prescriptions than the discount guarantee reporting, but also contained 180 less Specialty drugs. This decrease is important, as Specialty drugs have a significantly higher rebate guarantee (\$2,750) amount than brand prescriptions (\$230-\$930). Additionally, when comparing the reports, changes were noted across reporting of the quantities of branded prescription fills for 30- or 90-day periods and whether the prescription was filled at a retail pharmacy or by mail order. These are not elements

which should typically change or vary across reporting. Further, it appears that UHC's presentation, with differing quantities of prescriptions in each report is inconsistent with the Agreement, which states in Exhibit A, Definitions, Sections 1.19 and 1.66, that a drug identified as a brand or generic drug, is considered a brand or generic drug for all purposes by the Plan Manager. Accordingly, it is unclear why such significant changes in reported quantities were presented.

Exhibit 4:

UHC Has Reported Inconsistent Numbers of Prescription Fills for Prescription Drugs with Minimum Rebate Requirements

Rx Type	UHC Quantity per Rx Rebate Guarantee Report 6/27/25	UHC Quantity per Rx Pricing Guarantee Report 6/13/25	Differences in UHC Reporting	2023 Rebate Guarantee Amount
Brand Retail 30	9055	8728	327	\$ 230
Brand Retail 90	3077	2967	110	\$ 830
Brand Mail	745	600	145	\$ 930
Specialty	1069	1249	-180	\$ 2,750
Totals	13946	13544	402	

Source: Office of the County Auditor presentation of information presented in reports submitted by UHC and rebate guarantees amounts from Exhibit D of the Agreement.

On August 7, 2025, we shared our observations with UHC and requested an explanation for these differences by August 18, 2025. No response was received, and on August 21, 2025, we communicated to UHC that we would proceed with reporting. HRD confirmed to our Office that as of October 20, 2025, no monies were received from UHC for 2023 pharmacy guarantees.

On February 6, 2026, UHC submitted a response to our Office's earlier requests for clarification regarding the observed changes in drug quantities. UHC cited various methodologies employed in their calculations, including variations in how specialty drugs are considered in reporting of discount versus rebate guarantees. UHC's response did not address issues regarding the differences in reported quantities of brand drugs across discount and rebate guarantee reporting and further cited information that may conflict with the Agreement. As such, our Office is not presently able to validate the reporting provided by UHC, indicating \$90,014 as due to the County. Accordingly, our Office plans to immediately engage our external auditors to conduct a follow up audit of 2023 pharmacy discount and rebate guarantee reporting.

It is also important to note that the Agreement, Exhibit A, Definitions, Section 1.101, Pass Through Pricing, states, "Plan Manager's only profits shall be those that may be embedded in Administrative fees; and (ii) Additional Fees specifically authorized by County under this

Agreement.” Accordingly, while the above observations are based upon available information regarding prescription utilization, it is noted that it is incumbent upon UHC to disclose all Financial Benefits that are due to the County, whether known or unknown to the County, in accordance with the terms of its Agreement.

As reporting of all potential rebate guarantee amounts due to the County is based upon information solely maintained and submitted by UHC, it would be prudent for the County to require a formal certification of the accuracy and completeness of such financial submittals. Certification consistent with the Broward County Code of Ordinances, Chapter 1, Article XIV (False Claims Ordinance), would serve as an administrative compliance and accountability mechanism reinforcing UHC’s contractual obligations regarding accurate financial reporting and pass-through pricing. Having guarantee reporting and related financial submittals certified under the Ordinance would reinforce expectations of accuracy and completeness in financial representations and would preserve the County’s ability to pursue available remedies should material inaccuracies or omissions later be identified.

We recommend management:

- A. Direct UHC to remit all amounts due to County for 2023 rebate guarantees they indicate are due to the County. As of June 27, 2025, UHC has calculated this amount to be approximately \$90,000.
- B. Require UHC to provide a written certification, consistent with the Broward County Code of Ordinances, Chapter 1, Article XIV (False Claims Ordinance), attesting to the accuracy and completeness of all financial submittals to the County, including the reporting and remittances of financial pricing discount and minimum rebate guarantees.
- C. Direct UHC to expeditiously respond to and ensure availability of staff and records for all follow up audit activity County, or its external auditor, deems necessary to confirm the accuracy of UHC’s reporting.
- D. If the follow up audit determines any additional amounts are due to the County for contractual guarantees, direct UHC to immediately remit such amounts, plus applicable interest.
- E. As applicable, reporting for all future rebate guarantees should be reviewed by UHC and HRD to ensure all prescriptions are included and consistently categorized, and all financial benefits due to the County are calculated and remitted in compliance with the terms of the Agreement.

APPENDIX A

Term	Exhibit A Reference	Definition
Additional Fees	1.3	Expenses for programs not covered by Administrative Fees, billable on an amount per item or per Enrolled Employee per Month basis.
Administrative Fees	1.4	Fees Per Enrolled Employee Per Month, representing all charges for all services, other than specific Additional Fees.
Agreement	N/A	Agreement Between Broward County and United Healthcare Services, Inc. for Administrative Management Services for Self-Insured Group Health Insurance Coverage and Benefits and Pharmacy Benefit Management Services for Broward County Benefits-Eligible Individuals (RFP #TEC2122482P1), executed November 8, 2021.
Average Annual Guarantee(s)	1.8	Discounts that are the effective average rates, in aggregate, measured over the entirety of the term. Discounts are to be reconciled on an individual component basis with no offsets. Any excess discounts delivered in one component may not be used to offset underperformance in another component.
Average Wholesale Price (AWP)	1.10	Average wholesale price of a prescription drug, on the date the medication is dispensed, as set forth in most recent edition of Medi-Span.
Benefit Eligible	1.13	Employee deemed by the County to be eligible to receive County benefits.
Benefit Plan Design, Plan Design	1.14	All eligible services and products covered within the County' medical and pharmacy plan description.
Brand Drug	1.19	Type of drug based upon specific Medi-Span Multisource Code fields. Drugs identified as a Brand Drug shall be considered a Brand Drug for all purposes by Plan Manager, including the satisfaction of Average Annual Guarantees and Financial Benefit Guarantees.
Channel	1.21	The way a prescription drug is dispensed, such as 30- or 90- day supply; or filled by retail pharmacy, mail order pharmacy or specialty pharmacy.
COBRA	1.29	Consolidated Omnibus Budget Reconciliation Act of 1986, requiring healthcare continuation coverage.
Component	1.32	The classification or type of prescription drug dispensed, such as Generic, Brand or Specialty.
Consumer Driven Health Plan (CDHP)	1.35	Health Benefit Plan offering with a combination of copayments and a high deductible. Option does not allow use of a Health Savings Account (HSA).
Contract Administrator	1.36	Director of Human Resources Division, or other designated person.

Copayment or Coinsurance	1.38	Amounts collected from Plan Participants by pharmacies or providers pursuant to County's Plan Design. Copayment means any flat amount a Plan Participant is required to pay. Coinsurance means any percentage amount a Plan Participant is required to pay.
Deductible	1.47	Amount paid by Plan Participant before Plan begins to pay in full or cost share with the Plan Participant.
Discount(s)	1.49	Percentage reduction from Average Wholesale price of prescription drug.
Discount Guarantee	1.50	Minimum discount guaranteed for each prescription, by channel and component.
Dispensing Fee(s)	1.52	Amount paid per prescription by Plan Manager to dispensing pharmacy.
Eligibility File	1.55	File transmitted by County to Plan Manager listing names and other information necessary to enroll or terminate the enrollment of Plan Participants.
Financial Benefit Guarantee(s)	1.62	Minimum amount the Plan Manager has guaranteed will be passed through as Financial Benefits to the County.
Financial Benefits	1.63	County's Pro Rata share of all discounts and rebates received by Plan Manager, including without limitation, monies of any kind whatsoever paid by Pharmaceutical Manufacturers for items dispensed on County's behalf.
Generic Drug(s)	1.66	Type of drug based upon specific Medi-Span Multisource Code fields. Drugs identified as a Generic Drug shall be considered a Generic Drug for all purposes, including the satisfaction of Average Annual Guarantees and Financial Benefit Guarantees.
High Deductible Health Plan (HDHP)	1.72	Health Benefit Plan with Health and Pharmacy combined high deductible and option to use Health Savings Account (HSA).
HRD	N/A	Human Resources Division
Mail Order Pharmacy	1.78	Pharmacy owned and operated by the Plan Manager, which dispenses prescriptions through the mail. Exhibit A, Section 1.8 provides additional definitional language.
Pass Through Pricing	1.101	Plan Manager's agreement that it shall not derive any profits whatsoever from the difference between amounts invoiced to County by Plan Manager and amounts incurred by Plan Manager. Plan Manager's only profits shall be those embedded in Administrative fees and Additional Fees specifically authorized by the Agreement.

Pharmacy Benefits Management Services	1.111	Claims processing and all services related to management of pharmacy benefits by Plan Manager.
Pharmaceutical Manufacturer	1.109	Companies that manufacture, produce, build or assemble pharmaceuticals, including any company that provides Financial Benefits.
Plan Participant(s) or Member(s)	1.114	Individuals identified in Eligibility Files as entitled to receive services under the Plan, including benefit eligible employees, Retirees and COBRA participants, and dependents, as enrolled.
Plan Manager Services	1.117	Claims processing and all services related to management of pharmacy benefits by Plan Manager.
Rebate(s)	1.136	Any discount or fee of any kind paid to Plan Manager, directly or indirectly, from pharmaceutical manufacturers, or other related entities, including but not limited to Rebates, Financial Benefits, bonuses, that Plan Manager or any subsidiary or affiliate of Plan Manager receives or is entitled to receive as a result of prescription utilization by Plan Participants.
Rebate Minimum Guarantee(s)	1.137	The minimum amount the Plan Manager has guaranteed will be provided for Brand and Specialty utilization for Plan Participants and are not subject to a minimum days' supply. Exhibit A, Section 1.137 provides additional definitional language.
Specialty Drug(s)	1.149	Each drug identified as such in formulary; can also include any new to market specialty drug County allows to be dispensed.
TFG Partners, LLC.	N/A	External specialized firm contracted by the Office of the County Auditor to provide healthcare claims audit services.
True-Up	1.161	Adjustment made for difference in initial payment by Plan Manager for pharmaceutical manufacturer rebates, to the actual payment due.
United Healthcare Services, Inc. (UHC)	N/A	Entity contracted by Broward County to provide health care benefits management services, also referred to as Plan Administrator, Plan Manager or Pharmacy Benefit Manager.

Source: Definitions restated and compiled by Office of the County Auditor primarily based upon Agreement, Exhibit A

APPENDIX B

AUDIT SUMMARY: CONTRACTUAL PRICING TERM AND PLAN BENEFIT IMPLEMENTATION

TFG Partners (“Audit Team”) reviewed the pricing compliance of scripts filled between January 1, 2022, and December 31, 2022, by OptumRx’s pharmacy network for Broward County. After elimination of voids and offsets, the audit claims file included 102,413 claims at a gross cost of \$25,074,638.

Discounts:

Overall discounts have been implemented close to the terms defined in the contract and Optum Rx reported a discount performance shortfall in the amount of \$222,737. However, this shortfall assessment included overages in pricing components while the contract defined that no overages in one component can be used to offset shortfalls. Optum Rx agreed and provided a revised Pharmacy Guarantee Reconciliation without using overages in one component to offset shortfalls. The Audit Team reviewed the revised discount performance and agreed with the new total shortfall for non-Specialty drugs in the amount of \$380,680.13. Subtracting the already paid shortfall of \$222,736.88, Broward County is due an additional amount of \$157,943.31 for non-Specialty discounts and for Specialty dispensing fees an additional \$2,386.42 for a total of **\$160,329.73**.

Rebates:

Overall rebates have been implemented well with rates outlined in the contract. However, the Audit Team identified 349 branded claims that potentially qualify for minimum rebate guarantees. Optum Rx agreed and will provide a financial impact assessment (usually performed after all other issues are closed).

On 12/13/2024 Optum Rx provided a revised Minimum Rebate Guarantee Reconciliation for a Reconciliation date 1/16/2024, updated 12/11/2024, together with a UnitedHealthcare Rebate Payment Summary Report, showing a Minimum Rebate Guarantee Shortfall in the amount of \$155,837.48. At the request of the auditors, Optum Rx provided a new reconciliation on 2/24/2025, including the 487 additional claims that qualified for Minimum Guaranteed Rebates in 2022 in the amount of \$96,690.17 for a total new shortfall amount of **\$252,527.65** due to Broward County.

Plan Compliance Implementation:

The review of the Broward claims showed that Optum Rx has implemented the benefits correctly. There were **no issues** identified.

The Optum Rx team was very helpful addressing all requests by the Audit Team to enable the successful conclusion of this audit.

AUDIT SUMMARY: ON-SITE MANUFACTURER REBATE CONTRACT AUDIT

TFG Partners performed an on-site review of the applicable components of manufacturer agreements, selected by TFG Partners as reasonably necessary to audit the calculation of the rebate payments made to Broward by Optum Rx. The on-site audit was performed as a virtual audit using WebEx technology by Dr. Franco Mueller (“auditor” or “Audit Team”), a Partner at TFG Partners, from April 8, 2024 to April 11, 2024. Auditor selected nine manufacturers representing 78% or \$5,420,465 of all rebates paid in 2022 for the review of Pharmaceutical Manufacturer Rebate Agreements.

The drugs invoiced for rebates were compared to all products of each of the 9 manufacturers identified on the audit file. During the on-site contract review, the auditor then confirmed which products qualified to receive base rebates, and if additional rebates are being provided, such as price protection rebate or administration fees for each drug. This required the review and analysis of both set of agreements, i.e., Optum Rx Pharmaceutical Manufacturer Agreements and Emisar Pharma Services, LLC (“Emisar”) Pharmaceutical Manufacturer Agreements. Emisar is the Group Purchasing Organization (GPO) owned by UnitedHealth Group. Optum Rx and Emisar are affiliates as indicated by a shared common ownership via their parent company.

The review of 96 rebate contracts from the Optum Rx Pharmaceutical Manufacturer and Emisar Pharmaceutical Manufacturer Agreements for 9 manufacturers, submitted to manufacturers in 2022, confirmed a high level of compliance with the terms defined in the contracts and the audit identified no significant differences between the rebate terms outlined in the manufacturer contracts and the rebates invoiced by Optum Rx.

Overall, the manufacturers rejected 1.2% (61) of branded prescriptions, which reduced the invoiced amount by \$47,000.31 (0.9%). Please note that these 61 denied rebate prescriptions will not impact the minimum guaranteed rebates which apply to all branded products that are not contractually excluded. All but one manufacturer provided base rebates, and most manufacturers (83%) also provided administrative rebate amounts. A little more than half (66%) also provided price protection rebates for their products outlined in the contracts and included in rebate payments.

In conclusion:

The manufacturer contract audit confirmed a **high level of compliance** with the terms defined in the contracts and rebates invoiced by Optum Rx on behalf of Broward County. **There are no outstanding issues.**

The Optum Rx team was very helpful addressing all requests by the auditor to enable the successful conclusion of this audit.

MANAGEMENT'S RESPONSE



KEVIN B. KELLEHER, Deputy County Administrator

115 S. Andrews Avenue, Room 409 • Fort Lauderdale, Florida 33301 • 954-357-7320 • FAX 954-357-7360

MEMORANDUM

DATE: March 12, 2026

TO: Robert Melton, County Auditor

FROM: Kevin Kelleher, Deputy County Administrator

A handwritten signature in blue ink, appearing to read "Kelle", is placed over the "FROM:" line.

RE: Management Response to Interim Review of United Healthcare Services, Inc. Pharmacy Claims for Broward County

The Finance and Administrative Services Department (FASD) and the Human Resources Division (HRD) have reviewed the County Auditor's Report on United Healthcare Services, Inc. Pharmacy Claims for Broward County.

In summary, Management agrees that medical and pharmacy claims benefit administration and invoicing practices are unique and complex in nature. Management further concurs with the overall conclusion that plan benefits were implemented in a manner consistent with the Agreement, and there was a high level of compliance between the terms of rebate manufacturer contracts and rebates invoiced on behalf of Broward County.

Management also agrees that there are some opportunities for improvement proposed for consideration. Enclosed below please find detailed responses to each of the Auditor's opportunities for improvement and recommendations.

Opportunity for Improvement #1. UHC Incorrectly Calculated Pharmacy Pricing Guarantees for Calendar Year 2022 and Initially Underpaid the County by Approximately \$160,329.

Recommendation 1: *We recommend management direct HRD to review future pharmacy pricing guarantee reconciliation reports to help ensure amounts are correctly calculated in (i.e., at a minimum, no offsetting), and all amounts due are remitted to the County in accordance with the terms of the agreement.*

Management agrees with the recommendation that HRD reviews future pharmacy pricing guarantee reconciliations to help ensure the amounts are correctly calculated and that the amounts remitted to the County are in accordance with the terms of the agreement. This will be accomplished by engaging with the County's benefits consultant (USI) to perform annual

reconciliation activities to validate compliance with the pricing guarantees and the correct amounts are remitted to the County for each calendar year.

Opportunity for Improvement #2. UHC incorrectly calculated Pharmacy Rebate Guarantees for Calendar Year 2022 and Initially Underpaid the County by Approximately \$252,527.

We recommend management direct HRD to review future pharmacy rebate reconciliation reports to help ensure amounts are correctly calculated in (i.e., at a minimum, no offsetting), and all amounts due are remitted to the County in accordance with the terms of the agreement.

Management agrees with the recommendation that HRD reviews future pharmacy rebate reconciliation reports to help ensure the amounts are correctly calculated and that the amounts remitted to the County are in accordance with the terms of the agreement. Similarly, this will be accomplished by engaging with the County's benefits consultant (USI) to perform annual reconciliation activities to validate compliance with the pricing guarantees and the correct amounts are remitted to the County for each calendar year.

Opportunity for Improvement #3. UHC Incorrectly Calculated Pharmacy Discount Pricing Guarantees for Calendar Year 2023 and Initially Underpaid the County by Approximately \$216,051.

We recommend management direct HRD to review future pharmacy pricing guarantee reconciliation reports, including reporting for 2024, to help ensure amounts are correctly calculated in (i.e., at a minimum, no offsetting), and all amounts due are remitted to the County in accordance with the terms of the agreement.

Management agrees and can confirm that HRD has engaged with the County's consultant (USI) to perform the reconciliation activities for Calendar Years 2023 and 2024. The results of the reconciliation activities will be shared with the Auditor's office. Upon completion of all follow up audit and review activity, the County will engage with UHC for additional required remittance in accordance with the terms of the agreement, if necessary.

Opportunity for Improvement #4. Due to Discrepancies in UHC Reporting, Our Office Cannot Validate the Amount Due to the County for 2023 Rebate Guarantees.

We recommend management:

- A. Direct UHC to remit all amounts due to County for 2023 rebate guarantees they indicate are due to the County. As of June 27, 2025, UHC has calculated this amount to be approximately \$90,000.
- B. Require UHC to provide a written certification, consistent with the Broward County Code of Ordinances, Chapter 1, Article XIV (False Claims Ordinance), attesting to the accuracy and completeness of all financial submittals to the County, including the reporting and remittances of financial pricing discount and minimum rebate guarantees.

- C. Direct UHC to expeditiously respond to and ensure availability of staff and records for all follow up audit activity County, or its external auditor, deems necessary to confirm the accuracy of UHC's reporting.
- D. If the follow up audit determines any additional amounts are due to the County for contractual guarantees, direct UHC to immediately remit such amounts, plus applicable interest.
- E. As applicable, reporting for all future rebate guarantees should be reviewed by UHC and HRD to ensure all prescriptions are included and consistently categorized, and all financial benefits due to the County are calculated and remitted in compliance with the terms of the Agreement.

Management agrees in part and will work with the County Auditor's Office on the follow-up audit of 2023 pharmacy discount and rebate guarantee reporting. Specifically, for Opportunity for Improvement #4 (A), (D), and (E), HRD has engaged with the County's benefits consultant (USI) to perform the reconciliation activities for Calendar Years 2023 and 2024. The results of the reconciliation activities will be shared with the Auditor's office. Upon completion of all follow-up audit and review activity, the County will engage with UHC for additional required remittance in accordance with the terms of the agreement, if necessary. For Opportunity for Improvement #4 (B), HRD will require such certification consistent with the guidance of the County Attorney's Office. For Opportunity for Improvement #4 (C), once again, HRD will provide the reconciliation results for Calendar Years 2023 and 2024 performed by USI to the County Auditor's Office and/or external auditor as applicable. In addition, HRD will further engage with UHC to request their full cooperation with any additional requests from the County Auditor's Office and/or external auditor regarding all audits and follow up audits.

Conclusion

Management appreciates the comprehensive review performed by the County Auditor's Office and supports the shared goal of implementing the Pharmacy plan benefits in a manner consistent with the Agreement between the County and UHC, with a high degree of compliance between the terms of pricing guarantees and rebate manufacturer contracts and rebates invoiced on behalf of Broward County. Should you have any questions or require additional information, please do not hesitate to contact me.

- c: Monica Cepero, County Administrator
Stephen Farmer, Deputy Chief Financial Officer
Allen Wilson, Director, Human Resources
William O'Reilly, Director, Accounting Division
Andrew J. Meyers, County Attorney
Kathie-Ann Ulett, Deputy County Auditor
Laura Rogers, Audit Manager
Diandra Jack, Staff Auditor