



Office of the Inspector General Commonwealth of Massachusetts

Massachusetts Inspector General Helps Commonwealth Recover \$200,000 from a Medical Supply Vendor, March 2009

A review by the Office of the Inspector General uncovered more than \$200,000 in possible overcharges by a medical supply vendor formerly on a statewide contract. The same vendor had three years earlier repaid \$86,000 to the Commonwealth on a similar issue.

The Inspector General reviewed nearly three years worth of vendor invoices paid by state agencies and other public entities that had used the contract. With the assistance of the Office of the Attorney General, the Operational Services Division (OSD) and the Lemuel Shattuck State Hospital, the Inspector General's Office determined that the vendor appeared to be in violation of the pricing structure allowed by the statewide contract. According to the form of the contract, only a standard mark-up from the price paid by the vendor for a particular commodity being sold to public entities was allowed. The Inspector General found that the vendor repeatedly exceeded the allowable mark-up.

The Office of the Inspector General presented its findings to OSD who then initiated a cost recovery action against the vendor. This action resulted in a settlement agreement between OSD and the vendor whereby the vendor will reimburse the Commonwealth \$200,000 in installments over the next 12 months. The Inspector General will monitor the vendor's compliance with this agreement.