

Medicare Prescription Drug Part D Compliance Conference



December 7-9, 2008 | Renaissance Baltimore Harborplace Hotel | Baltimore, MD

Pharmacy Audits- A Part D Perspective



**Independence
Blue Cross**



The PBM, the processor, industry standards and Chapter 9 regulations.

Health Care Compliance Association
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888-580-8373 | www.hcca-info.org

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- Chapter 9 – gives no benchmark numbers to meet but asks the contract holder to assure we are protecting federal dollars as best we can.
 - This forces the contract holder to follow the money – whichever way it flows.
 - And to turn “off” the faucet or “fix” the leaks
 - In coordination with our internal investigations department and fraud support services we developed a plan:



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2

Strategic Plan



- Define the Scope of the audit:
- Rx Audit will conduct a comprehensive review and analysis of payments, billing and or invoices for services rendered to the Part D line of business as required by CMS
- As the contract holder we have the fiduciary duty to conduct such audits to ensure the accuracy of such government dollars. To accomplish this task a “top down” analysis needs to occur starting with the payment flow from the parent corporation, the party primarily responsible for CMS dollars, all parties in between and down to the end point, the retail pharmacy, who provides the service (drug) to the Part D member enrolled in our Part D (PDP and or MAPD plan).
- The audit will in effect follow the funds from beginning to end. Discrepancies will be noted as identified and reported on a comprehensive audit report delivered to Senior Mgmt on a Quarterly Basis.

Flow of Funds

Parent Corporation-Contract Holder



PBM



Claims Processor



Retail Pharmacy



Audit is a general term and includes

- Desk Audits
- Onsite Audits
- PBM Audits
- Pricing Audits
- Rebate Audits
- Invoice and Payment Audits
- Member Verification Audits
- Mail Order Site Audits
- Specialty Drug Site Audits
- Long Term Care Site Audits
- Professional Provider Auditing



1. Desk Audits- 3 pronged approach

1. Post Adjudication Pre-payment Audits- take place on a hourly basis on a certain group of commonly mis-billed drugs.
2. Regular Post Payment Desktop audits of no more than ten unique claims with a 7 day response time.
3. In addition- Professional Provider Desk Audits are conducted on MD/DO's to find obvious mis-bills, duplicate payments, double billing (to B and to D) and other anomalies specific to the Professional Provider



Onsite Audits

- Vendors conduct audits on retail pharmacy sites, mail order sites, long term care pharmacy sites and specialty injectable sites.
- Utilize agreed upon discrepancy list which applies both state pharmacy regulations, standards of good practice and CMS requirements for a good Part D claim.
- Results are reviewed internally- acting like a second audit and then recoveries are sent to the PBM/processor for claims adjustment or full chargeback. A second-- expanded audit may be scheduled.
- Savings are booked to master financial recovery log for the unit.
- Onsite Audits are chosen via the experience of the firm chosen for audits and their custom rules and scoring criteria, results from internal desk audits and our own internal rules based data mining software.



Verification Audits

- Member Verification Audits
 - In cases of “suspect” patient signature logs
 - In cases of stores with no signature logs



Challenges with this Audit-----

Done via phone call or written letter with pictures of the tablet capsule if available and a complete drug name.

struggle is for the member to remember longer than 2-3 months back in medication profile history

letter response rate is normally very minimal

in many cases the member brings letter to pharmacy and they printout drug profile for member, this voids the intent of the letter to direct the question to the member solely

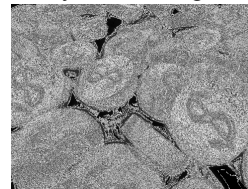
More Audits

- Mail Order- Onsite and Desk Audits
- Specialty Injectable Onsite and Desk Audits
- Long Term Care Site- Onsite Audits
- Home Infusion Drug Audits
- Professional Provider Audits- Drug Focused
 - Single greatest focus of proper medical billing
 - Duplicate billing
 - Key punch errors
 - B and D billing
 - Fee schedule problems- too high and too low
 - Part A,B, and D billing anomalies



PBM Oversight

- The amount of money that changes hands in PBM transactions is very significant and the PBM is oftentimes directly interacting with the Medicare member



Oversight is essential.

- Rebate Audit
 - Proper P&T Committee documentation is a by-product audit for this bullet point
- Pricing Audit
 - Is pricing updated, is the contract loaded correctly, etc.
- Invoice and Payment Audits- Are bills being paid, balanced, credits being applied, contractually timely paid?



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Questions ?



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