

Medicare Part D Compliance Conference

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Talking Points

- **Introduction**
- **Part D Oversight is an OIG Priority**
- **OIG Mission and Oversight Strategy**
- **Recently Completed Part D Work**
- **Future Directions**
- **Questions**



Factors for Targeting Oversight

**Risk of Harm
to Beneficiaries**

**Magnitude of \$
At Stake**

**Impact on
Quality of Care**

**New Policies
& Programs**

**Program
Vulnerabilities**

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Focus on Part D

**Beneficiaries at
financial and health risk**

**\$40+
billion
a year**

**Importance of getting
right medications**

**Program rolled
out in 2006**

**Numerous players and
payment methodologies**

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OIG's Top Management Challenges for 2008

1. Oversight of Medicare Part D

- 2. Medicare Integrity**
- 3. Medicaid and SCHIP Integrity**
- 4. Quality of Care**
- 5. Emergency Preparedness and Response**
- 6. Oversight of Food, Drugs, and Medical Devices**
- 7. Grants Management**
- 8. Integrity of Information Technology Systems and the Implementation of Health Information Technology**
- 9. Ethics Program Oversight and Enforcement**

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Part D Oversight Is an OIG Priority

- **Top Management Challenge**
- **Numerous projects in the Work Plan**
- **Cross-Component Workgroup**
- **Issued industry guidance**
- **Several studies conducted by**
 - OEI – Office of Evaluation and Inspections
 - OAS – Office of Audit Services

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Mission of OIG

Protect the integrity of HHS programs and the health and welfare of program beneficiaries

- **Office of Audit Services**
- **Office of Evaluation and Inspections**
- **Office of Investigations**
- **Office of Counsel to the Inspector General**

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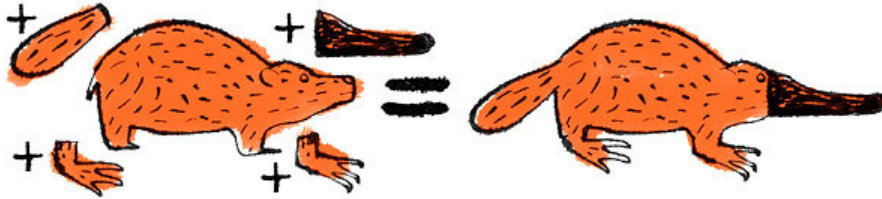
Five Principles of an Effective Health Care Integrity Strategy

- I. **Provider Enrollment – Scrutinize who may participate**
- II. **Payment – Ensure reasonable payment methodologies that keep up with changes in the marketplace**
- III. **Promote Compliance – Help providers and suppliers do the right thing**
- IV. **Vigilant Monitoring to Detect Fraud, Waste, and Abuse**
- V. **Swift Response – Enforcement to punish transgressors and modify policies to eliminate detected vulnerabilities**

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Part D



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Recent Part D Work

Centers for Medicare & Medicaid Services Audits of Medicare Part D Bids (OEI-05-07-00560) – Issued November 2008

- **Findings**
 - 25% of bid audits identified at least one material finding
 - Bid audits are not designed to result in adjustments to bid amounts
 - Only 4% of the required audits of plan year 2006 had begun as of April 2008
- **Recommendations**
 - CMS should modify the bid audit process to hold plan sponsors more accountable for material findings
 - Required financial audits should be conducted in a timely manner
- **Follow up: OIG is conducting ongoing bid audits**

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Recent Part D Work

Medicare Part D Sponsors: Estimated Reconciliation Amounts for 2006 (OEI-02-07-00460) – Issued October 2007

- **Findings**
 - Reconciliation for the first year of the Part D benefit
 - Plans owed Medicare \$4.4 billion
 - Mostly unexpectedly high profits, subject to risk/profit sharing
 - Plans owed a portion of these excess profits back to CMS
 - Excess largely caused by bids that included overestimates of costs
 - Higher bids resulted in higher subsidy payments from CMS and higher premiums from beneficiaries
- **Recommendations**
 - Ensure that bids accurately reflect benefit costs
 - Better align prospective payments to monthly costs
- **Follow up: OIG is currently reviewing reconciliation amounts for the 2007 benefit year**

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Recent Part D Work

Availability of Part D Drugs to Dual-Eligible Nursing Home Residents (OEI-02-06-00190) – Issued June 2008

- **Findings**
 - Most beneficiaries are receiving the drugs they need
 - Concerns about formulary adequacy
 - Burdens of preauthorization process
 - Improper copayments are sometimes charged
 - Influence of long-term care pharmacies
 - Prescribers largely unaware of drug rebates to pharmacies
- **Recommendations**
 - CMS should work with plans to ensure that formularies meet beneficiary needs
 - CMS should work with plans to improve the prior authorization process
 - Ensure that dual-eligibles are identified and charged appropriately
 - Plans and CMS should consider promoting transparency about drug rebates

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Recent Part D Work

Oversight of Prescription Drug Plan Sponsors' Compliance Plans (OEI-03-08-00230) – Issued October 2008

- **Findings**
 - All PDP sponsors had compliance plans in place as of January 2006
 - Only 7 of 79 sponsors met all of CMS' requirements for compliance plans
- **Recommendation**
 - Improve CMS oversight to ensure that PDPs have adequate compliance plans
- **Follow up**
 - CMS conducted 1 audit of a sponsor's compliance plan, as of August 2008
 - Part D compliance plans will require Part D sponsors to train contractors and other downstream entities on fraud, waste, and abuse, starting in January 2009

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Recent Part D Work

Marketing Materials for Medicare Prescription Drug Plans (OEI-01-06-00050) – Issued September 2008

- **Findings**
 - 85% of drug plans' marketing materials failed to meet all CMS guidelines
 - Incorrect font sizes
 - Lack required information about benefits
 - Omit information about low-income subsidy
 - Fail to explain enrollment implications and pharmacy access
 - Inconsistencies between CMS' model marketing materials and guidelines
- **Recommendations**
 - Revise CMS model documents
 - Strengthen review of marketing materials

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Ongoing and Planned Work

- **2009 Work Plan includes numerous Part D oversight projects**
- **Ongoing bid audits**
 - Estimates of price concessions (rebates, discounts, direct or indirect remuneration)
- **Controls to prevent duplicate or improper payments**
 - Medicaid vs. Medicare Part D
 - Medicare Parts A or B vs. Medicare Part D
 - Multiple Part D plans
- **Beneficiary protections**
 - Marketing and enrollment fraud
 - Accuracy of drug prices reported on Plan Finder
 - Effect of coverage gap on medication use
 - Prescription patterns for beneficiaries in Special Needs Plans

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Future Issues

- **Part D is not immune to fraud perpetrated in other insurance markets and prescription drug markets**
 - drug diversion
 - enrollment fraud
 - kickbacks
- **Potential new fraud schemes unique to Part D's new benefit structure and new payment methodologies**
 - direct subsidy
 - drug pricing
 - catastrophic coverage and reinsurance
 - risk corridors
 - formulary construction

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New Tools

One PI – One Program Integrity System Integrator

- **Currently in development**
- **Data Warehouse**
- **Database on Medicare Parts A, B, and D and Medicaid**
- **Powerful data analysis**
- **Detect fraud, waste, and abuse**

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Questions

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