



**PERSPECTIVES ON LEGAL RIGHTS
AND OBLIGATIONS FOR
PHARMACY AUDITS**

APhA 2011

Annual Meeting & Exposition

**Craig S. Stern, RPh, PharmD, MBA
Pharmaceutical Consultants, Inc.**

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**PRO PHARMA
PHARMACEUTICAL CONSULTANTS, INC.**

BASIS FOR AUDIT

- Payer / Purchaser Issues
 - Payer / PBM Agreement
 - Payer Benefits
 - Payer Business Logic – Claim Administration
- Federal Regulations
 - CMS
 - ERISA
- State Regulations

AUDIT SUMMARY

- Claim Adjudication
- Eligibility
- Benefit Compliance
- Claim Validity
- Pricing
 - Reference Databases
 - Fee Schedules (MAC, Specialty)
 - Network Pricing Guarantees

CLAIM ADJUDICATION

- Business Logic
 - Adjudication Rules
 - Reversals, Credits, Recovery
- Financial Reconciliation
- PBM Audits
 - Plan Set Up
 - Compliance with Benefits, Fed/State Requirements
 - Compliance with Payer Contracts

GENERAL BENEFIT ISSUES

- Benefit Compliance
 - Commercial, Medicare, Medicaid
 - Benefit Exclusions
- Formulary Compliance
 - Generic Substitution
 - Quantity Limits / Maximum Dollar Limits
 - Step Therapy Compliance
- Zero Balance Claims

MEDICARE BENEFIT ISSUES

- Benefit Compliance
 - Formulary
 - Coordination of Benefits (COB)
 - TrOOP
- Drug Utilization Review (DUR) Efficacy
- MTM Efficacy
- Rebates
- FWA

SAMPLES: Generic Substitution

Date of Service	Drug Dispensed	Approved Generic	Ing Cost Brand	Ing Cost Generic	Copay Brand	Copay Generic	Member Damage	Client Damage
9/3/09	SOLODYN ER 135 MG TABLET	MINOCYCLINE ER 135 MG TABLET	\$ 564.67	\$ 465.37	\$ 60.00	\$ 20.00	\$ 40.00	\$ 99.30
8/18/09	INSPIRA 25 MG TABLET	EPLERENONE TAB25MG	\$ 344.61	\$ 191.78	\$ 60.00	\$ 15.00	\$ 45.00	\$ 152.83
9/25/09	VICODIN ES TABLET	HYDROCODONE-APAP 7.5-750 TAB	\$ 119.19	\$ 14.00	\$ 40.00	\$ 10.00	\$ 30.00	\$ 80.79
9/2/09	VICODIN ES TABLET	HYDROCODONE-APAP 7.5-750 TAB	\$ 119.19	\$ 14.00	\$ 40.00	\$ 10.00	\$ 30.00	\$ 80.79
9/26/09	NORVASC 5 MG TABLET	AMLODIPINE BESYLATE 5 MG TAB	\$ 55.28	\$ 2.26	\$ 45.00	\$ 15.00	\$ 30.00	\$ 11.88

Samples: COPAY ISSUES

Zero Balance Claims

Date of Service	Drug Name	Qty	Days Supply	Undiscounted AWP @ Qty	Disp Fee	Ingredient Cost	Copay	Amt Paid
10/21/2009	PREDNISONE 10 MG TABLET	7	7	\$ 0.44	\$ 1.60	\$ 2.40	\$ 4.00	\$ 0.00
9/30/2009	HYDROCHLOROTHIAZIDE 25 MG TAB	30	30	\$ 0.71	\$ 1.60	\$ 2.40	\$ 4.00	\$ 0.00
5/19/2009	AMOXICILLIN 500 MG CAPSULE	2	1	\$ 0.76	\$ 1.60	\$ 2.40	\$ 4.00	\$ 0.00
8/22/2009	IBUPROFEN 600 MG TABLET	12	3	\$ 0.72	\$ 1.60	\$ 2.40	\$ 4.00	\$ 0.00
10/4/2009	TRAZODONE 50 MG TABLET	15	15	\$ 0.85	\$ 1.60	\$ 2.40	\$ 4.00	\$ 0.00
10/30/2008	SIMVASTATIN 40 MG TABLET	45	90	\$ 3.13	\$ 0.00	\$35.93	\$ 20.00	\$ 15.93
6/3/2009	PREDNISONE 20 MG TABLET	5	5	\$ 0.71	\$ 1.60	\$ 13.40	\$ 15.00	\$ 0.00
3/2/2009	CHERATUSSIN AC SYRUP	120	2	\$ 1.85	\$ 1.60	\$ 13.40	\$ 15.00	\$ 0.00
8/13/2009	HYDROCODONE-APAP 5-500 TABLET	12	2	\$ 2.36	\$ 1.60	\$ 12.84	\$ 14.44	\$ 0.00
2/17/2009	ATROPINE 1% EYE DROPS	5	90	\$ 2.94	\$ 0.00	\$ 14.99	\$ 14.99	\$ 0.00

INVALID CLAIMS

- Invalid / Ineligible Members
 - Claims paid for members who were
 - Not included in the enrollment file
 - Not eligible on the date of service
- Invalid Information in Claims
 - Prescriber (DEA, NPI)
 - Pharmacy
 - NDC
 - Quantity, Days Supply

SAMPLES: INVALID CLAIMS

Date of Service	Claim Amount Paid	Prescriber ID	Drug Name	Days Supply	Quantity Dispensed
2/26/2009	\$25.35	AN2303826	HYDROCO/APAPTAB10-500MG	30	120.00
9/4/2009	\$1.72	CARUSO	PROMETH/COD SYP6.25-10	6	100.00
12/29/2009	\$0.00	0000000000	CHERATUSSIN SYPAC	6	240.00

PAYMENT ISSUES

- Basis of Payment Varies from Standards
 - AWP in Claim Varies from Reference Database
 - AWP / WAC varies from Statutory Definition
- Dispensing Fee Varies From Contract
- Generic Price Variance
 - Generic price > Fee Schedule (MAC)
 - Generic Price > Agreement Guarantee
- Brand Price > Agreement Guarantee

SPECIALTY PAYMENT ISSUES

- Basis of Payment
 - HCPCS (J Codes)
 - NDC Package, Single Use, Unit-of-Use
 - AWP /discounts
- Generic vs. Brand Pricing
- Utilization Management

SAMPLES: PAYMENT ISSUES

Date of Service	Amt Paid by UABT	Drug Name	Days supply	Quantity	Medi-Span AWP	Claim AWP	Variance
4/13/2009	\$0.00	CLARINEX-D TAB2.5-120	10	20.00	\$55.90	\$60.59	\$4.69
4/28/2009	\$0.00	PROGESTERONEPOWMICRO NIZ	12	12.00	\$48.53	\$88.66	\$40.13

Date of Service	Drug Name	Quantity Dispensed	Days Supply	Expected IngCost	IngCost from Claim	Variance
2/3/09	PREDNISONE 5 MG TABLET	30.00	30	\$1.15	\$8.40	\$ 7.25
9/21/09	HYDROCODONE-APAP 5-500 TABLET	45.00	7	\$8.86	\$13.40	\$ 4.54

DRUG UTILIZATION REVIEW (DUR) & MEDICATION THERAPY MANAGEMENT (MTM)

- Obra 90 / 93
- Prospective / Retrospective Edit Efficiency
 - Business edits (vacation, lost Rx)
 - Clinical edits
- Provider Profiling

Sample: Medication Therapy Management

(1) Member Profile (2009 Rx Claims for Controlled Substances)

Drug Name	DEA Class	Time Period (Days)	Total Qty	Total Days Supply (from claims)	Total Ing Cost	Total Copay	Amt Paid
OXYCONTIN 80 MG TABLET	2	133	7200	240	\$ 79,693.88	\$ 280.00	\$ 79,426.68
OXYCONTIN 80 MG TABLET SA	2	141	6660	240	\$ 71,818.14	\$ 280.00	\$ 71,550.94
OXYCONTIN ER 80 MG TABLET	2	34	2700	90	\$ 29,115.45	\$ 105.00	\$ 29,015.25
HYDROCODONE BT-IBUPROFEN TAB	3	308	990	330	\$ 731.27	\$ 110.00	\$ 638.87
HYDROCODONE-APAP 7.5-750 TAB	3	331	1320	330	\$ 182.00	\$ 110.00	\$ 89.60
ALPRAZOLAM 1 MG TABLET	4	308	330	330	\$ 92.40	\$ 110.00	\$ 0.00
AMBIEN CR 12.5 MG TABLET	4	323	330	330	\$ 1,607.27	\$ 385.00	\$ 1,239.87
BUTORPHANOL 10 MG/ML SPRAY	4	0 (1 Rx)	25	14	\$ 412.43	\$ 10.00	\$ 404.03
PROPOXYPHEN-APAP 100-650 MG TB	4	0 (1 Rx)	20	7	\$ 8.40	\$ 10.00	\$ 0.00
ZOLPIDEM TARTRATE 10 MG TABLET	4	250	270	270	\$ 151.62	\$ 90.00	\$ 76.02
TOTAL					\$ 183,812.86	\$ 1,490.00	\$ 182,441.26



**PRO PHARMA
PHARMACEUTICAL CONSULTANTS, INC.**

**P.O. Box 280130
Northridge, CA 91328-0130
(818) 701-5438
(818) 701-0249 Fax**

Email: craig.stern@propharmaconsultants.com

**...or Visit Our Website at:
www.propharmaconsultants.com**

**PRO PHARMA
PHARMACEUTICAL CONSULTANTS, INC.**