



### Missing NPI Numbers on Part D Claims

"The Centers for Medicare & Medicaid Services (CMS) has expressed concern to NCPA that a significant number of pharmacies are not placing the physician's National Provider Identifier (NPI) number on their Part D claim. CMS says it has been giving flexibility to plans to not enforce this provision, which is required under HIPAA, but may have to start including hard edits in Part D prescriptions that don't include them. It seems clear that members must use NPIs or it could become an auditable item or they could lose their ability to bill Part D." (National Community Pharmacists Association, NCPA)

**Comment:** Claims require valid NPI numbers for the prescriber in order to ensure a valid prescription and to screen for fraud and abuse. PBMs often allow an algorithm to check the number, rather than ensuring that the NPI is a real person. The argument is made that the pharmacy cannot read the physician's name so they use a proxy; or the Rx is from an ER or medical interns so numbers do not exist. All of these rationales ignore the point that prescriptions require valid information, that ER physicians have licenses and NPI numbers, and that interns and first year residents work under the auspices of a senior resident with an NPI. Check your claim adjudication logic, and include the need for validation against actual individuals, not default numbers or fillers.

### Walgreen's Direct to Payer Contracts - Bypasses PBMs

Currently there are just a few pharmacy-to-payer contracts that bypass the PBMs. Caterpillar and Wal-mart signed a cost-plus agreement, and Wal-mart has announced that they are actively marketing their Employer Solutions direct-to-payer contracts. Now Delta Air Lines Inc. (DAL) is in talks with Walgreen Co. about an expanded direct-to-payer agreement. Walgreens expands upon the cost-plus strategy by providing a broad retail network, 90-day point of sale (pricing similar to mail service), wellness programs, and a specialty pharmaceuticals provider. The argument for both Wal-mart and Walgreens is that an employer doesn't need a middle man like a PBM, because these pharmacy chains can do it all.

**Comment:** Watch for the competition in the large employer market between the retail pharmacy chains and the PBMs. The retail sector has been harmed by mail service and mandatory PBM mail contracts, as well as by the reports of attempted steering of patients to CVS pharmacies using Caremark data. The direct-to-payer agreements provide a new level of competition in this sector.

### Astra Zeneca Moves Into Generics

AstraZeneca has signed a licensing-and-supply deal with India's Torrent Pharmaceuticals. This deal marries AstraZeneca's brand name equity with Torrent's generic products. The goal is to give Torrent's generics the quality cache necessary to increase generic sales in emerging markets.

Off-patent drugs tend to sell better in emerging markets if they're attached to a recognizable pharma brand; consumers consider a Big Pharma name to be a quality guarantee. According to a company statement, AstraZeneca will initially attach its familiar brand name to 18 Torrent products in nine countries, with more to come as time goes on.

**Comment:** In order to maintain profits, major manufacturers either make their own generics, or co-license generics with another firm. Now, the goal is to enter markets outside of the US and secure profits through branded-generic products. Even Crestor is a branded generic in India. Bottom-line: the major manufacturers either make or co-license generics. Generics are an avenue to greater profits when the brand pipeline is empty, and the issue that generics are "bad" is a myth.

### CHECK YOUR PHARMACY INVOICE LIKE YOU CHECK YOUR SUPPLY INVOICES

Invoices for payments to PBMs and Health Plans for prescriptions filled by their network pharmacies (both retail and mail), should be checked – the same way one would check a grocery or restaurant receipt.

The assumption that electronic claim adjudication is without errors can be dangerous for both medical and pharmacy claims. Pro Pharma's experience indicates that at least 5-7% of all paid drug claims are incorrect. Prime areas for errors are eligibility, pricing, claim validity, payments for benefit exclusions, etc.

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