



*Prudent* **Rx** Inc.

*Indiana FSSA  
Fee-for-Service  
Pharmacy Audit Program*

*Indiana Provider Workshop*

*October 24, 2007*

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# Agenda

- *Learning Objectives*
- *Prudent Rx*
- *Goals and Objectives of the Indiana FSSA Fee-for-Service Pharmacy Audit Program*
- *Pharmacy Audit Types*
  - *Concurrent Audit*
  - *Central Script Review (desk)*
  - *Onsite Audits*



## Learning Objectives

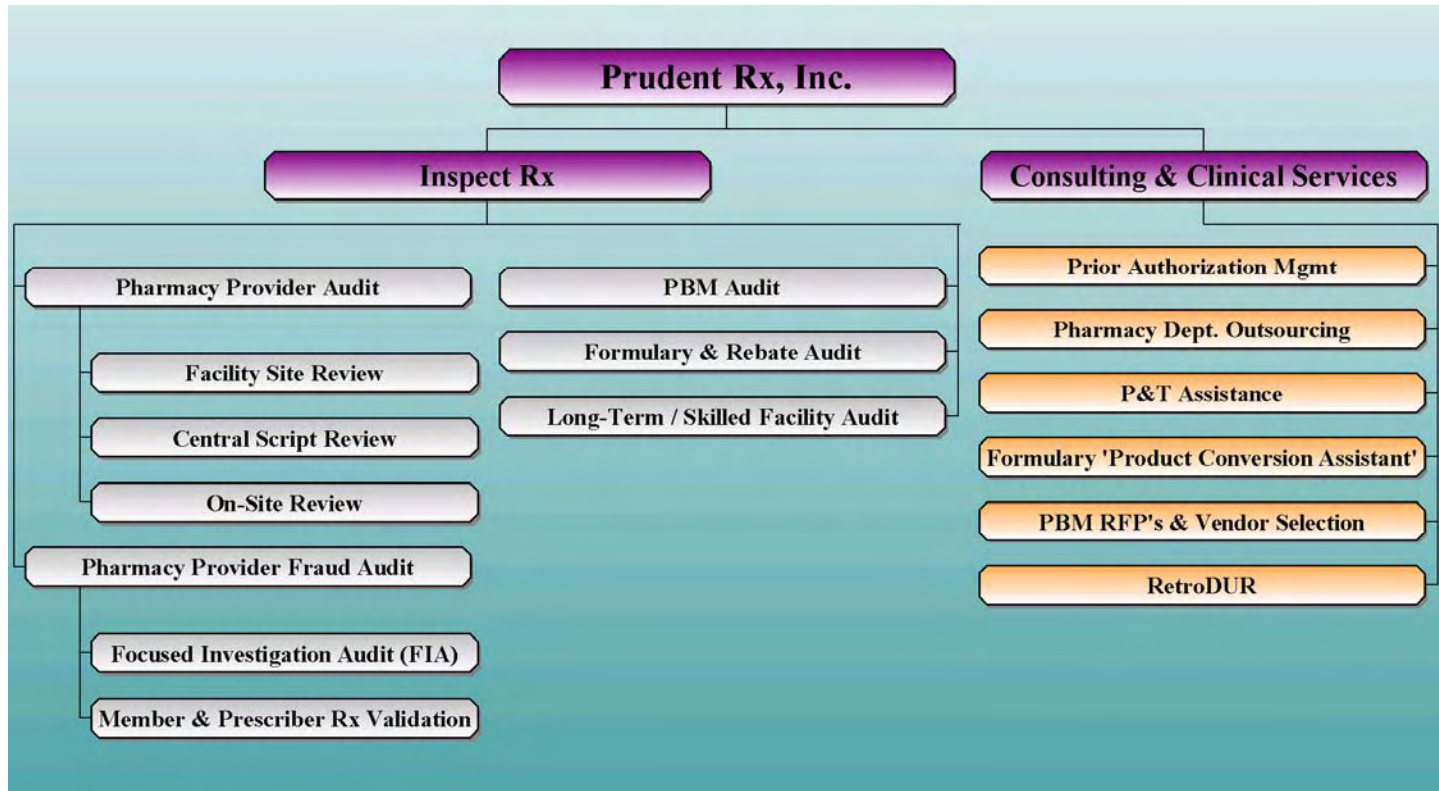
### Indiana FSSA

### Fee-for-Service Pharmacy Audit Program

- *Major Components of the audit program*
  - *Indiana Health Coverage Programs (IHCP) Compliance*
  - *Pharmacy Claims Review*
- *Specific Audit Findings*



# Prudent Rx



 A photograph of a yellow pill bottle tipped over, with several red and black capsules spilling out onto a white surface.

# Goals and Objectives

- *Measure compliance with the Indiana Medicaid Program parameters:*
  - *Correct erroneous billings*
  - *Identify/prevent fraud*
  - *Quality assurance*
- *Monitor fiscal responsibility and compliance with CMS' focus on fraud, waste and abuse*
- *Condition of Enrollment*



# Types of Pharmacy Audits

- *Concurrent Audit*
- *Central Script Review (desk)*
- *Onsite Review*



# Concurrent Claims Review

- *Started 12/15/06*
- *Designed to approximate real-time*
  - *Receive daily claim information from EDS*
  - *Process and identify claims overnight*
  - *Daily pharmacy notification*
- *Reduce number of claims reaching the audit process*



# Central Script Review Audit

- *Review Billings/Billing Practices*
- *Commonly Reviewed:*
  - *Quantity errors*
  - *Quantities exceeding plan parameters*
  - *Duplicate and early refills*
- *Erroneously billed claims are identified and recouped*



# Onsite Review

- *Onsite process*
- *Different type of review :*
  - *Physical prescription*
  - *Signature log/Delivery Receipt*
  - *Inventory review (physical or purchasing records)*
  - *Documentation of DAW 6 requirements*
  - *Tamper-proof prescription requirements*
  - *Usual and Customary pricing*



# Audit Recovery Process

*Very small percentage of claims*

- *No extrapolation*

- *Types of Recoveries*

  - *Full*

  - *Partial*

- *Indiana Statute requires interest collection*

  - *Repayment Options:*

    - *Accept findings and submit payment*

    - *Appeal without payment (interest continues to accrue)*

    - *Appeal with payment (interest accrual stops)*



# Audit Timelines

- *Central Script Review*
  - *Initial Request Letter*
    - *20 business days to respond*
  - *Preliminary Results*
    - *45 calendar days to respond*
  - *Notice of Final Determination*
    - *Overpayment options*
    - *60 days to respond*
  - *Appeal Process*
  - *Response to Appeal letter or Demand Letter*
- *Onsite Audit*



# Audit Summary

## Indiana Pharmacy Fee-for-Service Program

### 2005 Claims

- *Percent of Rxs Audited/Total Rxs:* 0.4%
  - 58,846 Rxs investigated/13,908,549 transactions
- *Percent of Rxs Recovered/Total Audited:* 40%
  - 23,496 Rxs recovered on/58,846 Rxs investigated
- *Average Number of Rxs Recovered/Pharmacy:* 9.84
  - 23,496 Rxs recovered on/2,387 pharmacies investigated



# Common Findings Indiana FSSA Fee-for-Service Pharmacy Program

<b>Error Code</b>	<b># Claims</b>	<b>% of Findings</b>
<i>Copy of Rx not provided (Rx)</i>	6,986	29.7%
<i>Pharmacy failed to respond (NR)</i>	4,399	18.7%
<i>Incorrect days supply (DY)</i>	3,269	13.9%
<i>Excessive Quantity (Q)</i>	1,807	7.7%
<i>Rx missing more than one element (RI)</i>	5%	1,182
<i>Unauthorized refills (UR)</i>	834	3.5%
<i>Erroneous claim (EC)</i>	752	3.2%
<i>Early Refill(ER)</i>	676	2.9%
<i>Invalid Quantity for package size (IQ)</i>	273	1.2%




# Common Findings Indiana FSSA Fee-for-Service Pharmacy Program

<b>Error Code</b>	<b>% of Recovered \$\$</b>
<i>Pharmacy failed to respond (NR)</i>	31.2%
<i>Excess Quantity/Days Supply (IQ/DS)</i>	20.6%
<i>Prescription copy not provided (RX)</i>	17.4%
<i>Excessive Quantity (Q)</i>	4.6%
<i>Undocumented authorization for refills (UR)</i>	4.3%
<i>Rx missing multiple elements (RI)</i>	3.8%
<i>Erroneous Claim (EC)</i>	2.3%
<i>Prescription not billed as a compound (CC)</i>	1.9%
<i>Prescription not valid for date of service</i>	1.1%
<i>Patient name missing (PN)</i>	0.87%



## Common Findings Indiana FSSA Fee-for-Service Pharmacy Program

<b>Drug</b>	<b># Claims Reviewed</b>
<i>Bacitracin Ointment</i>	<i>1953</i>
<i>Cephalexin 250 mg Capsule</i>	<i>1681</i>
<i>Zelnorm 6 mg Tablet</i>	<i>1393</i>
<i>Sulfamethoxazole/TMP DS Tab</i>	<i>1301</i>
<i>Cephalexin 500 mg Capsule</i>	<i>1256</i>
<i>Zithromax 250 mg Tablet</i>	<i>1122</i>
<i>Selenium sulf 2.5% shampoo</i>	<i>926</i>
<i>Flovent 119 mcg inhaler</i>	<i>860</i>



# Audit Issues Currently Not Subject to Recoupment

- *Audit Codes*
- *Compliance with faxed Rx requirements*
- *Directions*
- *Called in prescriptions (name of caller)*



# Questions?

*Contact Information:*

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