OIG 2014 Compendium Highlights Need For Improved Controls For Pharmacy Claims Submitted To Medicare Part D Plans For Payment

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In its March 2014 Compendium of Priority Recommendations (the "Compendium"), the Office of the Inspector General of the United States Department of Health and Human Services ("OIG") identified a number of prescription drug-related priorities that will be of concern to any pharmacy that accepts Part D plans. OIG uses the Compendium to summarize the top recommendations related to waste, fraud, and abuse that it has made in the past, but that have yet to be acted on or implemented. Thus, much like OIG's annual Work Plan, the Compendium gives entities that bill Medicare a good window on the payment issues that CMS and its contractor are likely to be focusing on in the coming years.

In the 2014 Compendium, OIG highlighted the need to implement stronger controls over Medicare Part D claims in order to address a number of billing issues that it had identified through various reviews of claims submitted by retail pharmacies.

1. **Invalid Prescribers**: OIG identified a number of pharmacies that filled prescriptions, including ones written for controlled substances, that were written by individuals without the authority to prescribe drugs, including massage therapists, athletic trainers, interpreters, counselors, and social workers.

2. **Schedule II Refills**: Although federal law unequivocally prohibits prescription refills for Schedule II drugs, OIG estimated that Part D plans paid approximately $25 million for C-II refills in 2009, a number of which had been written by invalid prescribers.

3. **Non-Medically Necessary Prescriptions:** Based on its analysis of pharmacy claims from 2009, OIG identified over 2,600 retail pharmacies with billing practices that it concluded were indicative of prescriptions being filled that were not medically necessary or were not actually supplied to the beneficiary. These practices include billing for a high dollar amount or

number of prescriptions per beneficiary or per prescriber, billing for a high percentage of name-brand drugs, and billing for a high percentage of refills.

After identifying these issues, OIG summarized a series of systemic reforms that it recommends implementing in order to root out these types of fraudulent and abusive practices and prevent the associated prescriptions from being reimbursed by Medicare. Although the burden of implementing the recommended reforms will fall to CMS and its contractors, the actual burden of these reforms will fall directly on the retail pharmacies filling the prescriptions. As a result, any pharmacy that is currently accepting Medicare Part D plans should familiarize itself with the issues identified by OIG, conduct a compliance review of its internal systems and processes, and implement any changes necessary to ensure that it is not filling any questionable prescriptions.

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