CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES

Pharmacy Self-Auditing: Control Practices to Improve Medicaid Program Integrity and Quality

**Module 3
Invoice Management**

Objectives

At the conclusion of "Module 3: Invoice Management," the learner will be able to:

- Identify four pharmacy inventory management activities that may cause prescription claims to exceed drug purchases
- Recall five pharmacy billing activities that may cause prescription claims to exceed prescription sales

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Self-Audit Process

Use of the self-audit process allows pharmacy staff to:

- Evaluate daily practices
- Pinpoint audit triggers
- Address vulnerabilities

Invoice management records to gather:

- Purchase records
- Invoices
- Claim transaction records

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Invoice Management Self-Audit

Do purchases = claims?
- National Drug Code (NDC) accountability
- If claims are greater than purchases, consider:
  - Drugs obtained from illegal sources
  - Sale of drug samples
  - Re-sale of drugs returned to stock
  - Sale of drugs returned from institutions or patients

Wholesalers

- Investigate
  - Verified-Accredited Wholesale Distributor (VAWD) status
    http://www.nabp.net/programs/accreditation/vawd/vawd-accredited-facilities
- Illegal sources: black, gray, and foreign markets

Drug Samples

Never accept payment for drug samples

Drugs Returned to Stock

Always reverse any claims for drugs returned to inventory

Drug Disposal

- National prescription drug take-back events http://www.DEAdiversion.usdoj.gov
- State drug disposal programs
- Trash
- Flushing

Prescription Shorting

Always double count and initial for high value prescriptions

Do Claims = Sales?

How claims can be greater than sales:
- Illegal remuneration schemes
- Illegitimate prescriptions
- Manipulating point-of-sale billing
- Manipulating coordination of benefits
- Processing of phantom claims

Remuneration Schemes

Prescription fraud
- Quantity
- Refills
- Forgeries
- Illegitimate prescriptions

Unusual drug utilization patterns

Point-of-Sale Billing Manipulation

- Brand name drugs
- Contracted NDC product
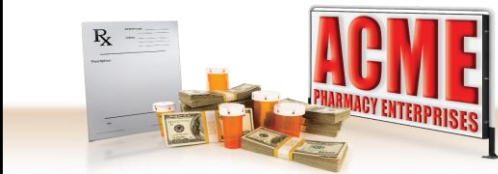- Prescription splitting

4

Coordination of Benefits Manipulation

- More than one form of drug coverage
- Billing manufacturer assistance programs as if a patient is uninsured and billing primary coverage as well

Phantom Claims

- No legitimate prescription
- Drugs not dispensed
- Criminal enterprises posing as pharmacies

Knowledge Check

In an invoice self-audit check, you notice that prescription drug claims exceed the invoice purchases for several drugs in your pharmacy. Review the scenarios that describe situations that may cause claims to exceed purchases over the next few slides. Identify the appropriate answer for each of the activities below.

A. Black, gray, and foreign market drugs
B. Prescription shorting
C. Drugs returned to stock without reversal billing
D. The resale of unused drugs returned by institutions or patients
E. Sale of drug samples

Scenario 1

A caregiver comes into the pharmacy and requests disposal of an unwanted controlled substance prescription for a patient during a drug take-back event. The pharmacist informs the caregiver that drugs can be placed into a designated receptacle for disposal. The pharmacist removes the prescription from the receptacle, places the drugs on the pharmacy shelf, and dispenses the drug to another patient.

Scenario 2

A pharmacy owner is going through prescriptions that have not been picked up by his customers. He typically calls the patient to remind them that their prescription is ready for pickup. On this day, the pharmacist decides to return the prescriptions back to stock and fails to reverse the insurance billing claim. The failure to reverse these claims does not modify the original prescription, the patient's medication history, the patient's claims history, and does not ensure an accurate inventory accounting.

Scenario 3

A pharmacy technician is filling a controlled substance prescription for a patient and decides to remove two tablets from the prescription bottle before it is dispensed to the patient. The technician is well aware that the pharmacist will not verify the accuracy of the quantity dispensed for this controlled substance and has done this many times in the past.

Scenario 4

A new pharmacist has been hired to manage the pharmacy. The pharmacist uses a wholesale supplier that does not have VAWD accreditation and is not registered with the DEA and the appropriate State controlled substance agency. This wholesale supplier is located in Europe, and drugs can be purchased at a lower cost.

Scenario 5

A clinic pharmacy is located in the same building as a group of physicians and has been asked to manage drug samples received from pharmaceutical companies. The drug samples are stored in a cabinet located within the pharmacy. The drug sample cabinet contains numerous boxes of allergy nasal spray and metered dose inhalers. The pharmacist ran out of inventory for one of those items on the pharmacy shelf. The pharmacist dispenses a sample product and collects payment for it.

Correct Answers

Scenario 1:   D
Scenario 2:   C
Scenario 3:   B
Scenario 4:   A
Scenario 5:   E

Knowledge Check

Review the following questions related to billing practices that may cause prescription drug claims to exceed prescription sales.

Answer True if you think the activity listed is appropriate.

Answer False if you think the practice is inappropriate and may cause prescription claims to exceed prescription sales.

Knowledge Check

1. Pharmacy staff may offer Medicaid patients incentives, such as gift cards or free products, to return unused medications.
   - A. True
   - B. False
2. Pharmacy staff must follow legitimate prescription practices and cannot dispense an increased quantity of a drug without prescriber consent, cannot add refills to expired prescriptions, and cannot forge prescriptions.
   - A. True
   - B. False

Knowledge Check

3. A pharmacy cannot bill for the brand name drug and dispense the generic equivalent.
   - A. True
   - B. False
4. A pharmacy owner would like to increase revenue that has been declining over the last 6 months. The pharmacist can mandate that the pharmacy staff engage in prescription splitting to gain additional dispensing fees to increase revenue.
   - A. True
   - B. False

Knowledge Check

5. A patient comes into the pharmacy and presents a prescription. The patient has insurance coverage from her employer as well as Medicaid. The pharmacy may bill both insurance companies as the primary provider for the same claim.
   - A. True
   - B. False
6. The pharmacy is required to use a contracted NDC product for a Medicaid patient but chooses to use a non-contracted NDC product that is less expensive from the wholesale supplier. The dispensing of the less expensive, non-contracted NDC product is an appropriate pharmacy billing practice.
   - A. True
   - B. False
7. The pharmacy must have a legitimate prescription associated with each drug claim.
   - A. True
   - B. False

Correct Answers

1. False
2. True
3. True
4. False
5. False
6. False
7. True

Questions

Please direct questions or requests to: MedicaidProviderEducation@cms.hhs.gov

To see the electronic version of this presentation and the other products included in the "Pharmacy Self-Auditing: Control Practices to Improve Medicaid Program Integrity and Quality" Toolkit , visit the Medicaid Program Integrity Education page at https://www.cms.gov/Medicare-Medicaid-Coordination/Fraud-Prevention/Medicaid-Integrity-Education/edmic-landing.html on the CMS website.

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December 2015