The Five Most Common FWA Pitfalls PBMs Make and How to Avoid Them

PBMs are challenged to reduce their risk of non-compliance with CMS Fraud, Waste and Abuse (FWA) and 455 requirements

Today's PBM compliance officers are overburdened with the massive volume of ever-evolving regulatory requirements and fraudulent threats to their business. For many, building and enforcing their pharmacy data integrity strategies has resulted in increased resources doing manual checks and disparate data sources that all tell a different story.

PBMs must have access to accurate and complete data that can automate as much of the compliance work as possible to win this complex battle. With the right solution and the right data, PBMs can be more prepared to handle the 300+ federal and state-specific laws enacted on average every year that impact them. In fact, 2017 saw more than 400 new or amended laws effecting PBMs, including state-specific mandates regarding opioid legislation, provider contracts, credentialing activities, as well as pricing and payment variations.[1]

All of this new legislation and tighter guidelines reinforce the importance of leveraging information technology to track and monitor suspicious behavior, as evidenced by HHS's recent crackdown and exclusion of 2,700+ individuals and 587 providers for "conduct related to opioid diversion and abuse." [2]

At the federal level under Title 42 CFR 455, Medicare Part D and Managed Medicaid participating PBMs must perform mandatory screening for all initial applications, re-enrollment or revalidation of enrollment request on network providers, including pharmacies, or risk losing participation in these programs. Fraudulent claims payments for prescriptions issued by unqualified prescribers and/or pharmacies can result in significant fines. CMS can go back as far as seven years and require fines up to $35,000 for each paid claim.

All these intricacies, combined with over 2.5 million prescribers and 80,000 pharmacies across the nation, make for a complex landscape for PBM compliance leaders.

At NCPDP, the ANSI-accredited healthcare industry's standard-setting organization, we've seen some of the nation's leading PBMs and PSAOs overcome these challenges and respond very successfully by arming their teams with the right data and technology. The purpose of this paper is to share some of the most common pitfalls for PBMs to avoid and some of the lessons our customers have learned in hopes that your organization can reap the benefits available to those who are getting it right.

Top Five Most Common FWA Pitfalls PBMs Make and How to Avoid Them

1. **My current process of pay and chase will suffice.** Fraudulent activity level has increased. Violators have become smarter making it more difficult to chase down and recoup improper payments. Identifying fraud before it puts your business at risk of audits and penalties can protect your bottom line and increase patient safety. As the industry's most trusted data sources, NCPDP's HCIdea®, resQ™, and dataQ® provide the highest level of prescriber and pharmacy data integrity in easily, integratable, authoritative flat files.

   The United States spends $2.1B annually across the healthcare industry chasing and maintaining provider data, an estimated 75 percent of that cost is duplicative.[2]

2. **It's difficult to obtain independent pharmacy information timely, let alone automatically.** With over 27,000 independent pharmacies operating in the United States, collecting credentials, FWA attestations and CMS 42 CFR 455 disclosure requirements for each pharmacy annually is costly and challenging. In fact, it costs on average $12/per pharmacy/per year ($336,000 annually) to maintain data for all independent pharmacies. NCPDP's resQ™ solution was designed specifically with this challenge in mind. In fact, resQ™ provides regulatory required information, including an annual FWA training attestation for nearly 75% and growing of all independent pharmacies - streamlining the process of obtaining and maintaining comprehensive and current pharmacy data.

3. **It's okay to rely only on our internal pharmacy and prescriber data.** Data changes constantly. CMS reports that roughly half of provider records listed in directories have at least one error in demographic data. Depending on your own claims data or data pulled from the federal, self-reported NPPES file, as much as 50 percent of your prescriber and pharmacy data may be outdated. CMS uses NCPDP's HCIdea® prescriber database and dataQ™, pharmacy database. Using the same data, gets you closer to aligning with CMS when its comes to identifying fraudulent activity.

4. **My organization can't afford to use a third-party data source.** Whether it's allocating more dedicated full-time staff to collect and scrub data or mounting fines from fraudulent claims, relying on internal teams and claims data is costing your organization valuable resources and potential revenue. On average it takes a staff member 20-40 minutes per provider to perform outreach and collecting of credentials and FWA attestations.[3] NCPDP's resQ™ simplifies pharmacy data collection, reduces duplicative paperwork, and saves dollars and resources by providing your organization a fully-electronic, single data resource.

   On average a PBM would require 2-4 FTEs to touch all of their pharmacies at least once each year.

5. **My pharmacy network screening process is sufficient.** PBMs are required to authenticate pharmacy credentials against primary data sources for accuracy and re-credential network pharmacies at least once every three years. resQ™ provides a more efficient data management system for your pharmacy verification processes, providing you with current pharmacy information and documentation that you can submit to your Certifications Verification Organization (CVO)*. Some CVOs are already integrated with resQ™ which can reduce the verification cycle timeline.

   By January 1, 2019 CMS will enforce requirements that prescribers who write Medicare Part D beneficiary prescriptions must be enrolled in Medicare or validly opted out for prescriptions to be covered.[4]

As regulatory pressures mount, and consequences become more luminous, having access to the most accurate and complete data to perform the most thorough credentialing and accurate claims payments possible is a business necessity.

Learn how NCPDP's data solutions and services can help your organization from falling victim to these common FWA pitfalls. Visit **www.ncpdp.org** or email our data experts today at **productinfo@ncpdp.org.**

*CVO must maintain an active resQ™ subscription.

The NCPDP FWA Data Solutions and Services

NCPDP offers a suite of products designed by the industry, for the industry that help PBMs, payers and processors optimize their FWA efforts. NCPDP designs and delivers its data products and services with one thing in mind, helping our member organizations be more successful. NCPDP product sales proceeds support the great work NCPDP is doing to help advance and innovate the healthcare industry.

resQ™ Pharmacy Credentialing Resource is the single source-of-truth and standard for capturing and maintaining self-reported credentialing and CMS-required disclosure data for independent and multi-site pharmacies. Developed by industry stakeholders in a coordinated, collaborative approach to define requirements and establish standards for quality, resQ™ reduces efforts and improves efficiency in pharmacy credentialing data collection. **http://resq.ncpdp.org**

HCIdea® Prescriber Database leverages more than 2,100 different data sources and Medversant's patented autoverification technology to offer the highest level of prescriber data integrity on over 2.5M Type I (individual) and Type II (practicing locations) prescribers. **http://hcidea.ncpdp.org**

dataQ® Pharmacy Database is the most up-to-date and complete set of pharmacy data for more than 30 years for over 80,000 pharmacies and Non-Physical Dispensing Sites (NPDS) nationwide. Additionally, dataQ's FWA Attestation provides a single resource to confirm pharmacies' annual participation in the Centers for Medicare and Medicaid Services (CMS) required annual compliance training program for all contracted Medicare Part D Plan pharmacies.
http://dataq.ncpdp.org

RxReconn® Healthcare Legislation Monitoring provides legislative tracking for real-time monitoring of pharmacy-related state and national legislative and regulatory activity. **http://ncpdp.org/Products/RxReconn®-Healthcare-Legislation-Tracking**

NCPDP Universal Patient Identifier (UPI) establishes the foundation for exchanging patient information across the healthcare ecosystem. NCPDP and Experian Health have partnered to deliver an NCPDP UPI to all healthcare constituents – at NO CHARGE. The NCPDP UPI, powered by Experian Health's Universal Identity Manager (UIM), is a vendor- and provider-neutral solution for accurately managing patient identification.
http://ncpdp.org/Products/NCPDP-Universal-Patient-Identifier

Sources:

[1] Samantha G. Brown, Esq. and Laurel I. Wala, Esq. (May 2018) A Pharmacy Benefit Industry Legal Update and Its Impact on the Patient Journey

[2] Facher, Lev."Justice Department announces crackdown on fraudulent opioid prescriptions," STAT, June 28, 2018.

[3] Ernst & Young and Humana (2017) Free The Data | A Case Study: Crowdsourcing Healthcare Provider Directory Maintenance

[4] Centers for Medicare & Medicaid Services (CMS) Opioid Misuse Strategy 2016, January 5, 2017