December 12, 2011

Jonathan Blum, Deputy Administrator and Director of Center for Medicare
Centers for Medicare and Medicaid Services
Department of Health and Human Services
Hubert H. Humphrey Building
200 Independence Ave SW
Washington, D.C. 20201

Subject: Impact of Medicare Part D Program Integrity Practices on Community Pharmacists

Dear Jon:

The National Community Pharmacists Association (NCPA) is writing to raise our concerns with certain Medicare Part D program integrity practices that are impacting the ability of community pharmacies to provide pharmacy services.

NCPA represents the interests of America's community pharmacists, including the owners of more than 23,000 independent community pharmacies, pharmacy franchises, and chains. Together they represent a $93 billion health-care marketplace, have more than 315,000 employees including 62,400 pharmacists, and dispense over 41% of all retail prescriptions. NCPA members are the primary providers of drugs and pharmaceutical supplies to millions of Americans. Focusing on the Medicare Parts C and D programs, NCPA members are a primary access point for prescription medications for millions of Medicare beneficiaries and NCPA members comprise a critical piece of the Medicare prescription drug distribution system.

CMS Should Develop Consistent Part D Auditing Standards: First let us state that we believe that CMS, Part D plans and pharmacies all have an important role to play in assuring that fraud, waste and abuse is rooted out of the Medicare program. We have raised with the CMS Part D staff, however, issues relating to how some Part D plans currently conduct audits of community pharmacies.

For example, last summer, NCPA conducted a survey of 1,800 small business community pharmacies regarding challenges that they face with regard to both commercial and Part D audits. The results include reporting by almost 62% of respondents that PBMs apply inconsistent auditing standards across various plans. Not only are the auditing standards inconsistent, but over 79% of respondents reported that PBM auditors always or often require recordkeeping requirements above and beyond state and federal law requirements. Most significantly, almost 60% of respondents reported that PBM auditing practices have a very significant impact on respondents' ability to provide patient care and remain in business, which can lead to decreased access to care.

These survey results are emblematic of specific auditing issues which greatly concern NCPA. NCPA's members have informed us of widespread disparity in how clerical, typographical and related prescription errors are treated by Part D plans during audits.

100 Daingerfield Road
Alexandria, VA 22314-2888
(703) 683-8200 PHONE
(703) 683-3619 FAX

Some Part D plans recoup for such errors without providing pharmacies with an opportunity to remedy those errors, while other plans allow pharmacies the opportunity to make corrections. Significantly, these errors are not representative of fraud and they are not representative of abuse of the Part D program. These are simple clerical errors associated with valid prescriptions, which pharmacies can easily remedy, if given the opportunity.

Given existing inconsistencies and the administrative nature of these errors, NCPA requests that CMS institute a consistent standard across Part D plans regarding audit practices and that CMS instruct plans to not recoup for clerical and typographical errors without providing pharmacies an opportunity to correct such errors. These are not "contractual" issues subject to negotiations with Part D plans. There are no negotiations with Part D plans, and the "take it or leave it" contract language we are given is so ambiguous relating to audits that it leaves us exposed to the whims of Part D plans abusive tactics.

CMS Should Halt NPI Requirements Until Credible Data Base Established: There is inconsistency in how Part D plans treat the requirement to have valid prescriber identifiers on prescription drug claims. Under the existing Part D program, valid prescription claims could include a valid prescriber NPI, prescriber UPIN, prescriber DEA number or prescriber state license number. Despite these existing rules, NCPA members have examples that some Part D plans are recouping pharmacy reimbursements, unless the underlying claims contain only valid individual NPI numbers. These Part D plans are imposing requirements above and beyond those required under current federal regulations or what many pharmacies can practically obtain, given the current limitations of the NPI system.

We are attaching an example of an audit, which demonstrates a PBM, on behalf of a Part D plan, refusing to provide a pharmacy with the opportunity to correct a prescriber identifier error. In the attached example from 2011, despite guidance from CMS instructing that Part D plans should retrospectively correct invalid prescriber identifier errors, Prime Therapeutics refused to allow the pharmacy the opportunity to correct the error. Such actions are in direct opposition with CMS guidance on Part D auditing practices and prescriber identification errors. The guidance in the 2013 proposed Part D regulation indicates that CMS expects "that pharmacies will be permitted to correct any invalid [prescriber identifier] data before payment for a claim is reversed whether or not a negotiated contract delegates any sponsor duties in this regard to the pharmacy."

Unless certain changes are made, there will be implementation problems with the new 2013 proposed rules for use of only valid individual NPI numbers on prescription claims. One problem is that some Part D prescriptions come to pharmacies from an individual prescriber who uses a group NPI number on the prescription. It appears that CMS is working to eliminate the use of group NPI numbers on Medicare claims. However, unless group NPI numbers are prohibited from being used on prescription claims, it will be very difficult for pharmacies and Part D plans to ensure that a valid individual NPI number is on each Part D prescription.

Similarly, NCPA is aware that most medical interns and residents do not have individual NPI numbers. Accordingly, interns and residents usually put their supervisor's individual NPI number or a group/hospital NPI number on their prescriptions. Neither the 2012 Part D Call Letter nor the 2013 Part D Proposed Rule appears to address this issue.

Unless interns and residents are required to obtain and use individual NPI numbers on their prescriptions, pharmacies and Part D plans will be unable to ensure that prescription claims from intern and resident prescriptions contain the individual NPIs of those interns and residents.

More generally as to the NPI issue, NCPA is unaware of the existence of a single thorough, complete and accurate database that contains all prescriber NPIs. If CMS' National Plan and Provider Enumeration System (NPPES) were completely thorough and accurate there would be no need for the commercial vendor lists that pharmacies must pay very high fees to access. Moreover, access to such commercial lists is prohibitively expensive for small business independent community pharmacies.

With regard to the 2013 plan year, it is unrealistic for CMS to expect that mandating submission of valid NPIs, and only valid NPIs, on prescription claims will be a smooth process. The inaccurate and missing data within both the NPPES and commercial vendor lists will create substantial and unfair auditing burdens on independent community pharmacies. Moreover, such a requirement may also curtail patient access to necessary drugs if pharmacists are unable to find a prescriber's NPI or accurately verify that a prescriber's NPI is valid. In sum, it is extremely unrealistic for CMS to require the use of an individual NPI on Part D prescriptions when in reality not all individuals authorized to prescribe are required to have one.

For these reasons, we request that CMS delay the 2013 NPI requirement until CMS has a valid and thorough NPI database that pharmacy providers can use to access and check NPIs and CMS has notified all prescribers that pharmacies cannot fill prescriptions unless they provide a valid NPI. It is extremely important that CMS instruct plans they are not allowed to mandate the use of individual NPI's on Part D prescriptions per the reasons stated above.

Hospice Claims Represent Challenges for Pharmacies: Audits related to Part D prescriptions that should have been filed as hospice claims will become very problematic for pharmacies, once the 2012 Part D Call Letter provisions related to such audits are implemented. The 2012 Part D Call Letter states that Part D claims that should have been filed as hospice claims should be paid as Part D claims upfront with reconciliation on the back end. For pharmacies this is problematic because pharmacists do not always have real time information regarding a patient's status as a Part D patient versus a hospice patient. The hospice patient eligibility files are not real time; there is a lag in updates to those files. Accordingly, pharmacies are filling prescriptions using outdated information.

Unfortunately, the patient eligibility updates can lag months behind, and by the time a pharmacy or Part D plan realizes that a claim should have been filed as a hospice claim, months or even years may have passed. At that point, the Part D plan will recoup from the pharmacy, but the pharmacy has little recourse to get paid for the services and products it properly provided. Months or years after the prescription was filled, it will be difficult for a pharmacy to find the appropriate hospice plan, the hospice plan may no longer be an active plan and/or the patient may be deceased. All of these factors make it difficult for pharmacies to get paid by the correct payer, while being forced to refund the Part D payments they were wrongfully paid. NCPA seeks guidance on how CMS intends to address this issue and how pharmacists should address this issue.

CMS Should Stop Model Prescription Transfer Letter Mail Order Abuses: For the 2012 Part D plan year, CMS released a Model Prescription Transfer Letter, which requires plans to send beneficiaries a standard form letter to request a transfer of their prescriptions from an existing pharmacy to a different network pharmacy. The relevant language of the transfer letter states:

[Instructions: This model should be used by Part D sponsors to request permission from a member to fill his/her prescription[s] at a different network pharmacy than the one the member is currently using. The beneficiary may provide permission by calling the plan or pharmacy, or via written statement sent in the mail. Outbound phone calls made by the pharmacy or Part D sponsor seeking permission from beneficiaries are not permitted. The Part D sponsor may attach a form to this letter requesting the member's permission to switch the prescription to a different pharmacy. This model does not need to be used if the change in pharmacies is initiated by the transferring pharmacy or beneficiary.]

Despite the requirement that the model transfer letter be used by the Part D plan to initiate a transfer and despite the prohibition against outbound phone calls, we have learned that a number of Part D plans across the country are calling and harassing beneficiaries to transfer their prescriptions to a preferred network pharmacy (most commonly a mail order pharmacy). These plans repeatedly call beneficiaries to make the change. Some plans are even moving patients to mail order without telling them, such that the patient fills a prescription at their community pharmacy and receives a duplicate prescription in the mail. This is a blatant violation of the terms of the model transfer letter and will result in waste. We request that CMS have stronger oversight on this practice and require Part D plans to use only the model transfer letter and to obtain patient permission before transferring a patient's prescriptions to a preferred network pharmacy. The attempt by some Part D plans to boost their star ratings by trying to divert their patient to their own mail order operation is serious enough. CMS should also address this issue because of the amount of waste that occurs in mail order, a few examples of which we have included with this communication.

Conclusion

NCPA enthusiastically supports CMS' efforts to ensure that the Medicare Part D program saves money, avoids waste and eliminates fraud. However, NCPA believes that the auditing efforts of the Part D plans should be implemented appropriately, so as to truly target fraud, waste and abuse. Audits should not result in recoupment of reimbursement from pharmacies that provided valid services. Moreover, CMS should not require the use of an individual NPI on Part D prescriptions until such time that all individuals authorized to prescribe are required to have one. Finally, CMS should take stronger action to enforce violations of existing prescription transfer requirements. Accordingly, NCPA requests that CMS address and resolve the issues outlined above. We look forward to your response. Please do not hesitate to contact me at john.coster@ncpanet.org, (703) 600-1184 if you have any questions.

Sincerely,

John M. Coster

John M. Coster, Ph.D., R.Ph.
Senior Vice President, Government Affairs

PRIME THERAPEUTICS

1305 Corporate Center Drive
Eagan, MN 55121

October 28, 2011

Pharmacist in Charge

Dear Pharmacist,

This is in response to the letter of appeal received October 3, 2011 regarding the audit of conducted on July 26, 2011. Appeal documentation has been reviewed per the terms of the Pharmacy Participation Agreement and the Prime Pharmacy Provider Manual. Below is a response to the items included in the appeal:

RX# 367296 (Diovan)
Audit Finding: Incorrect Prescriber ID on Claim – The prescription was written by James Prise (BP4674099) and the claim was submitted with Riha Pavel (BR4540793).
Pharmacy Appeal Summary: Indicates the Oklahoma Pharmacy Audit Integrity Act allows for the correction of clerical errors.
Pharmacy provided a copy of the Act.
Appeal Decision: Prime is aware of the Oklahoma Act relating to audits of pharmacy records; however, please note Bill Number: OK53RSB 673 takes effect November 1, 2011. Please note that the Oklahoma state law does not apply to Federal health plans, such as Medicare Part D. These claims have a Medicare Part D insurance carrier, therefore the recovery stands.
Request for appeal is not granted.

The results of the audit are now final. Please find a copy of the finalized invoice enclosed. The amount due to Prime Therapeutics is **$258.61**. Please send a check payable to Prime for this amount. Payment for the audit is due before November 27, 2011.

Please send payment to:
Prime Therapeutics
1305 Corporate Center Drive
Eagan, MN 55121
ATTN: Pharmacy Audit

Sincerely,

PRIME
THERAPEUTICS

1305 Corporate Center Drive
Eagan, MN 55121

Kelly Gornick
Senior Pharmacy Compliance Analyst
Prime Therapeutics LLC

Cc: Audit File

PRIME THERAPEUTICS

Provider Name		Appeal Date	10/28/2011		
NPI#		Audit Date	7/26/2011	Total Claims Reviewed	355
Address		Period Begin Date	7/1/2009	Errors	8
City State Zip		Period End Date	7/1/2011		
Phone				Total Recovered $	$258.61

Reason Code	Drug Name	NDC	RX Number	Fill Date	Cost Paid	DAW	Quantity	Days Supply	Copay	Carrier	Group	Report	Amount Paid	Dispensing Fee	Recovery Amount
DS	AMLOD/BENAZP CAP 2.5-10MG	00781227101	392789	4-Sep-10	$55.00	0	30	10	$17.18	OK1209	0000	**Education Only**Incorrect Day Supply submitted-Prescription reads: Take one tablet daily. 30 tablets is an appropriate amount to dispense as 30 day supply.	$40.07	$1.90	$0.00
D	DIOVAN HCT TAB 320/25MG	00078047234	367296	8-Jul-09	$111.00	0	30	30	$43.00	EKPOK	D022000	Appeal Not Granted. Incorrect Prescriber ID on Claim – The prescription was written by James Prise (BP4674099) and the claim was submitted with Riha Pavel (BR4540793).	$70.74	$1.75	$35.37
D	DIOVAN HCT TAB 320/25MG	00078047234	367296	7-Aug-09	$111.00	0	30	30	$43.00	EKPOK	D022000	Appeal Not Granted. Incorrect Prescriber ID on Claim – The prescription was written by James Prise (BP4674099) and the claim was submitted with Riha Pavel (BR4540793).	$70.74	$1.75	$35.37
D	DIOVAN HCT TAB 320/25MG	00078047234	367296	5-Sep-09	$111.00	0	30	30	$43.00	EKPOK	D022000	Appeal Not Granted. Incorrect Prescriber ID on Claim – The prescription was written by James Prise (BP4674099) and the claim was submitted with Riha Pavel (BR4540793).	$70.74	$1.75	$35.37
D	DIOVAN HCT TAB 320/25MG	00078047234	367296	6-Oct-09	$111.00	0	30	30	$43.00	EKPOK	D022000	Appeal Not Granted. Incorrect Prescriber ID on Claim – The prescription was written by James Prise (BP4674099) and the claim was submitted with Riha Pavel (BR4540793).	$70.62	$1.75	$35.31
D	DIOVAN HCT TAB 320/25MG	00078047234	367296	5-Nov-09	$111.00	0	30	30	$43.00	EKPOK	D022000	Appeal Not Granted. Incorrect Prescriber ID on Claim – The prescription was written by James Prise (BP4674099) and the claim was submitted with Riha Pavel (BR4540793).	$70.62	$1.75	$35.31
ER	DIOVAN HCT TAB 320/25MG	00078047234	380579	2-Nov-10	$123.00	0	30	30	$43.00	EKPOK	D022000	Filed after Rx Expired – The prescription was issued on 10/29/09, and would have expired on 10/29/10.	$81.88	$1.75	$81.88
DS	SEROQUEL XR TAB 150MG	00310028160	404001	13-Apr-11	$255.00	0	30	8	$25.00	OK1209	0000	**Education Only**Incorrect Day Supply submitted-Prescription reads: Take one tablet daily at 6 PM without food. 30 tablets is an appropriate amount to dispense as 30 day supply.	$231.69	$1.50	$0.00

November 16, 2011

Prime Therapeutics LLC
1305 Corporate Center Drive
Eagan, MN 55121
Attn: Kelly Gornick

RE: Pharmacy Audit, NPI# [redacted]

Dear Ms. Gornick,

I am further appealing the audit performed on [redacted] I am in receipt of your letter dated October 28, 2011 and am supplying additional information to support our claim that the prescription was dispensed according to all laws and statutes governing pharmacy, both federally and in the state of Oklahoma.

1) The pharmacy is requesting to reverse and resubmit the corrected claims. We are asking for our right to correct the claims according to *Oklahoma State Bill 673: The Pharmacy Audit Integrity Act.*
   a. "The pharmacy shall have the right to submit amended claims to correct clerical or record-keeping errors in lieu of recoupment, provided that the prescription was dispensed according to prescription documentation requirements set forth by the *Oklahoma Pharmacy Act.* (*OK53RSB 673; Section 356.2.A.5*)
2) The patient's prescription contained the correct information at the time of dispensing.
   a. The prescription hardcopy followed all required state guidelines set forth by the Oklahoma State Board of Pharmacy in *Title 59, Oklahoma Statutes, Chapter 8. – Drugs and Pharmacy Oklahoma Pharmacy Act.*
   b. Prime Therapeutics states in the Pharmacy Provider Manual that "Audits comply with federal and state laws".
3) You referenced that this claim has a Medicare Part D insurance carrier.
   a. According to *a release from the Office of Inspector General in June 2010*, "The Office of Inspector General agrees with CMS's assertion that invalid prescriber identifiers do not automatically indicate invalid prescriptions or pharmacy claims."
   b. *A CMS notice sent to All Part D Plan Sponsors on May 1, 2009* states "pharmacies are expected to make all reasonable efforts to obtain and utilize the appropriate individual NPIs/[DEAs] for prescribers."
      i. The pharmacy made all reasonable efforts to fill the prescriptions appropriately.
      ii. Additionally, nowhere in this CMS mandate does it require the Plan Sponsor to recover funds from the pharmacy or disallow correction of claims.
   c. CMS allows corrections to PDE records including NPI/DEA numbers.

i. *The CMS Claims Processing Manual* directly states that PDE files can be corrected by the Plan Sponsor when an error is identified.
ii. Claim Error procedures are addressed in the above mentioned manual.

4) According to CMS requirements, PDE records can be corrected and/or adjusted.
   a. The pharmacy was not notified in a timely manner.
   b. The plan has until March 31 of the next calendar year to make adjustments to PDE files.
   c. With the audit taking place beyond this time allowance, it took away the pharmacy's ability to correct the claim submitted to CMS.

After review of the additional information provided, combined along with the previously submitted appeal documentation, I respectfully request the audit findings of the appealed prescriptions be overturned. Please contact me at [redacted] with questions regarding the resources referenced in this appeal.

[redacted]

NCPA®

the NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

THE VOICE OF COMMUNITY PHARMACY

Waste Not, Want Not

Examples of mail order pharmacy waste

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA® NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

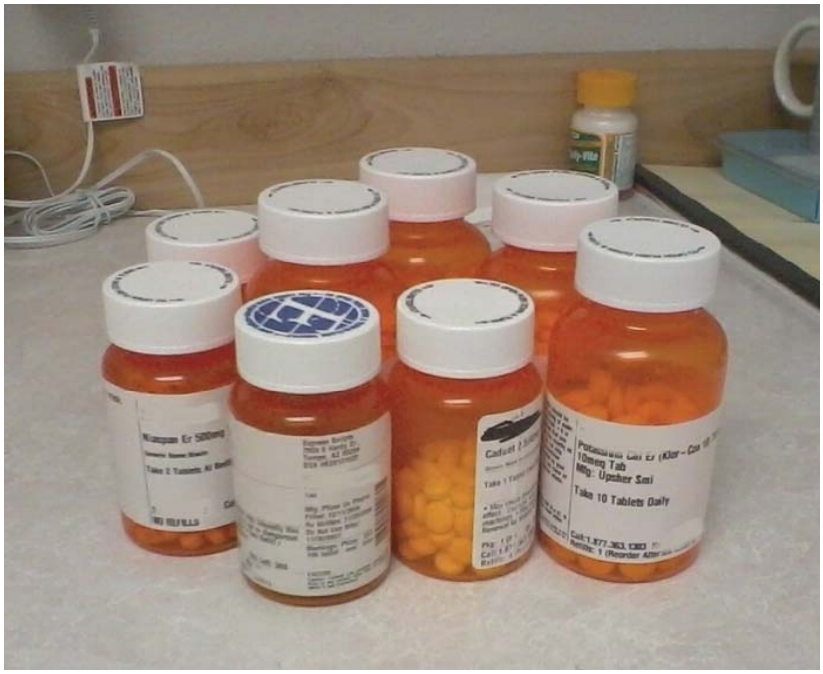
Mail Order Waste – ESI

"Just one example of Express Scripts overutilization of the healthcare system. The patient has since deceased and his spouse opened up about how many times that she tried to get Express Scripts to stop sending items. That is over $6,000 that Express Scripts charged the patients plan."

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

Mail Order Waste – ESI

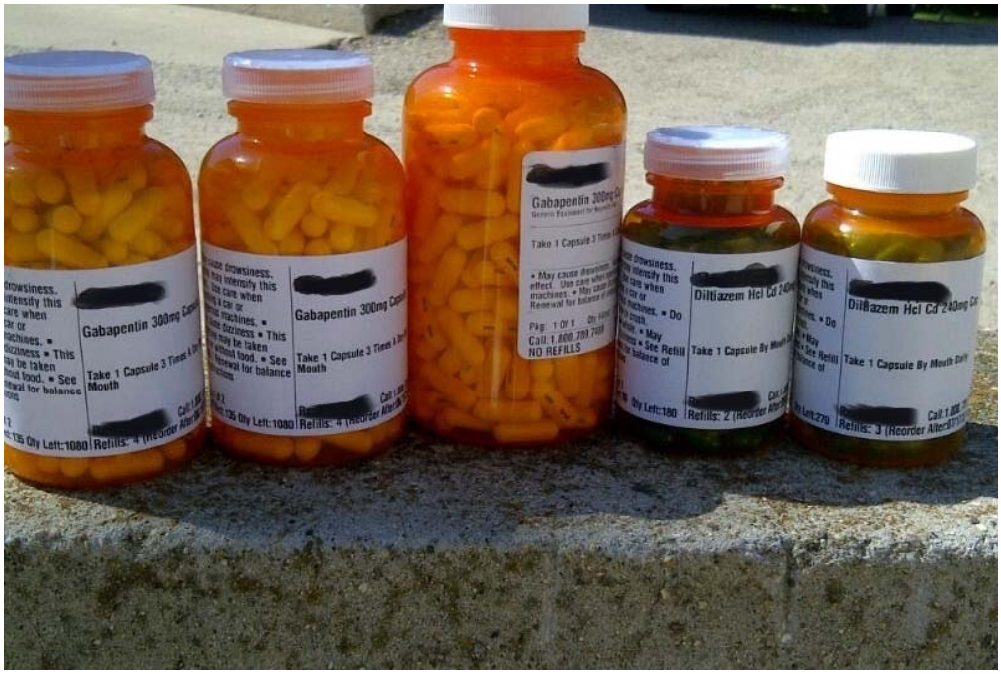


Tricare patient

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

Mail Order Waste – ESI



*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

Mail Order Waste – Medco

"Almost all were returned unopened" ~ $2,300

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

Mail Order Waste – Medco

"Just over $17,000 worth of meds from Medco Mail order. I hate to see what this persons company paid for these meds and what it did to his company's health premiums. Mail order facilities can shout from the rooftops about compliance all they want but just because you mail a person his/her meds, that doesn't mean they are taking them."

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

Mail Order Waste – Medco

"One patient. Six months over supply due to 90-day rx filling and therapy changes." Approximately $4,000

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

Mail Order Waste – Caremark

$61,000

"This is all for ONE patient that passed away and the family brought it into us to see if we could dispose of it for them. The patient was a Cystic Fibrosis patient that was dealing with Caremark Specialty mail order."

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

Mail Order Waste – Caremark

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

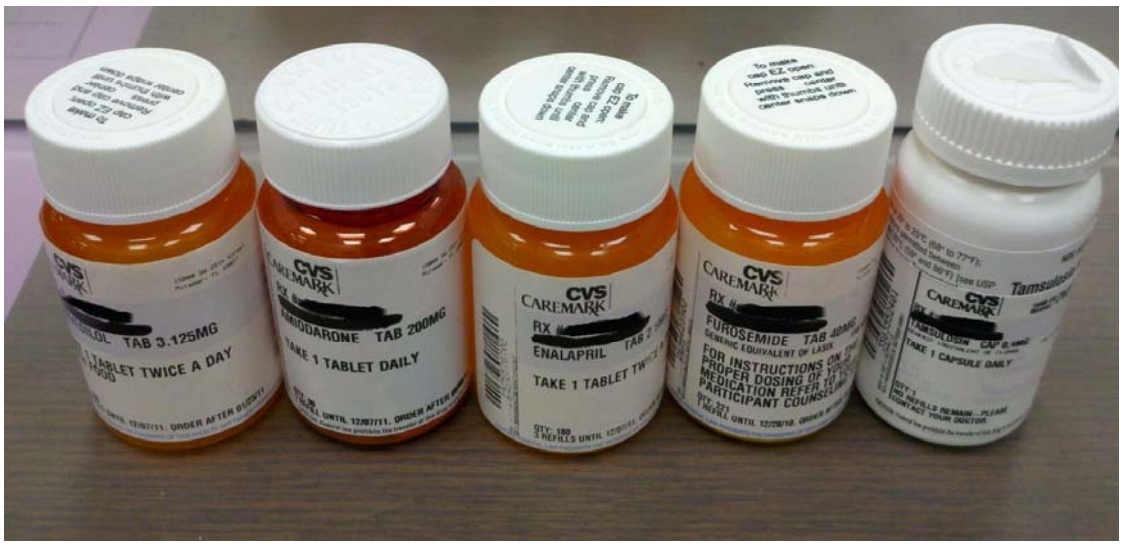
Mail Order Waste – Caremark

$17,000

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

Mail Order Waste – Caremark



Medicare Part D Patient

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

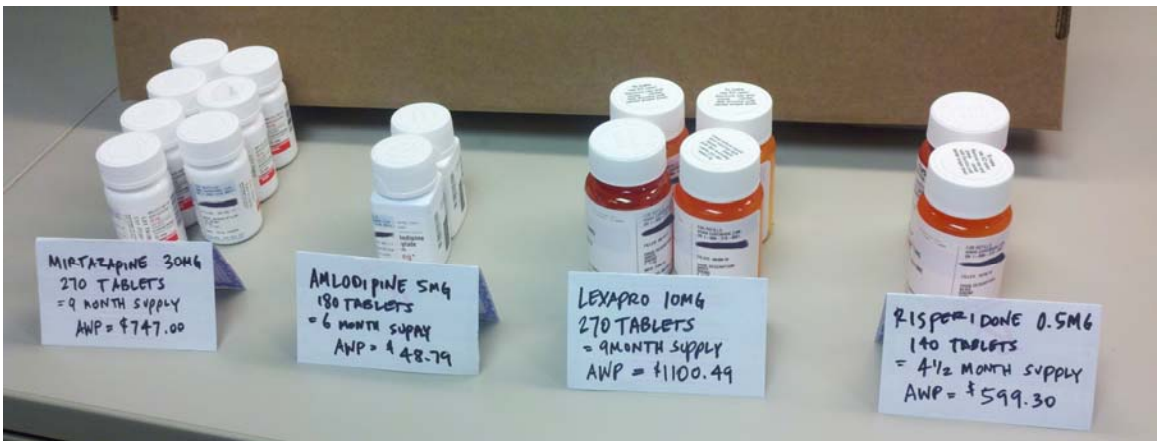
Mail Order Waste – Caremark

Medicare Part D Patient

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

Mail Order Waste – Caremark



"This patient is cared for in a dementia unit so these are not missed doses, it is overfilling by mail order."

$2,500

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

Mail Order Waste – Caremark

$1,760

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

Mail Order Waste – Caremark

$14,844 = 17 month supply

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

Mail Order Waste – Veteran's Affairs

$6,800

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

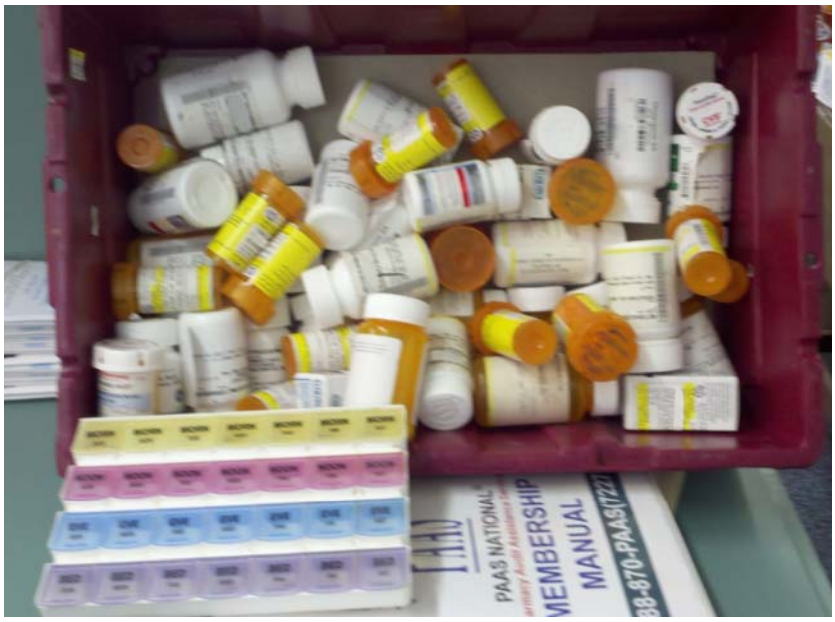
Mail Order Waste – Veteran's Affairs

$3,500

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

Mail Order Waste – Veteran's Affairs



$1,000

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA
NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

Mail Order Waste – Veteran's Affairs

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA
NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

Mail Order Waste – Medicare

"These items were brought in by a customer for a family member who just entered a nursing home. They were not ordered, just automatically shipped regularly by Liberty Medical. I assume taxpayers paid for all this through Medicare."

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

Mail Order Waste – Medicare

Albuterol and Budesomide, 1,201 doses from Liberty Medical, billed to Medicare Part B. The patient only brought in what was outdated and said she had 3 to 4 times that much at home still and they send more each month.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

Mail Order Waste – Medicare

Albuterol and Ipatropium, 1,920 doses, billed to Medicare Part B. Patient had 6 times more still at home and called the mail order pharmacy to tell them they had overstocked. The pharmacy told the patient to hang on to the medicine because his insurance might stop covering these products. None of this medicine was outdated.

Mail Order Waste – Medicare/Medicaid

"Almost $900 worth of insulin, still in date! We can't recycle to anyone, clinic, or organization because there's no guarantee that it has been stored appropriately (including us). What a travesty! This patient is a ***Medicare patient, dual eligible***."

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

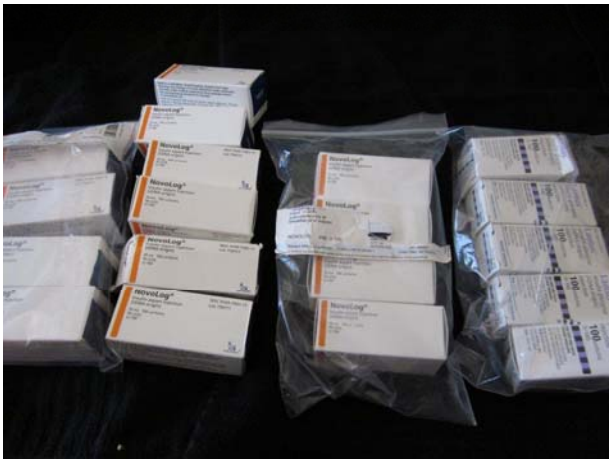
Mail Order Waste – Cigna

"A patient of ours was 'forced' to use mail order for her insulin. Cigna mail order signed her up for an auto ship program. She told us that she called them to alert them that she would be on vacation and to hold her insulin until she returned. They shipped about $2,000 worth of insulin which sat on her front porch in the summer heat for over a week."

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

Mail Order Waste – Prescription Solutions



$2,500

"Photos of insulin that one of our regular customers got from mail order - the patient has not been in good health for some time and passed away. The family brought in this unused insulin to see what to do with it. Unfortunately the only option was to tell them to dispose of it."

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

Mail Order Waste – Prime Therapeutics

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

Mail Order Waste

$3166.87

A customer brought in a sack full...her husband had passed away and wanted us to donate the medications for someone else to use. Unfortunately we couldn't.

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

Mail Order Waste

$7,000

$2,700

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

Mail Order Waste

"Over $10,000 of Lovenox mailed to a patient! She received 18 boxes of 180 syringes when typically a patient may only use a few syringes (certainly not 90 days worth) following a hospital procedure for certain medical conditions, surgeries, or risk factors for blood clots. The patient only used about $170 worth of product, the rest was thrown away."

Over $10,000

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

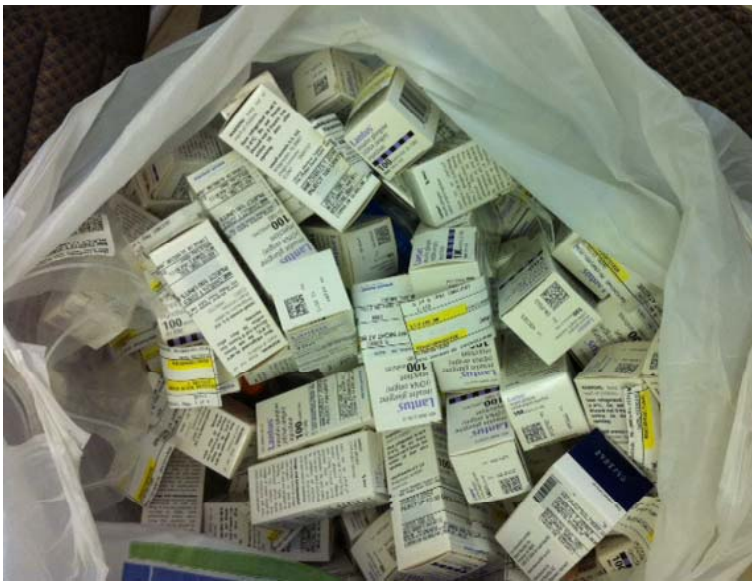
Mail Order Waste

$2,800

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

Mail Order Waste



$11,096

"26 vials of Novolog and 84 vials of Lantus. About $11,096 worth of waste in the mail order pharmacy system. Auto Shipped from Liberty Medical to the patient who accumulated beyond belief and now wants them wasted, since they are changing to the Insulin Pen. Adherence was not great for this patient. Do you think that Liberty Medical ever checked to see if the patient was compliant? Or do you think they just kept auto shipping, and auto shipping, and auto shipping."

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

Mail Order Waste

"These testing supplies were brought in by a customer who had already called and asked the mail order company to stop sending her father's testing supplies since he already had more than he could ever use. There was over $3500 in strips, another $500 in lancets and another $100 in testing solutions. 2 meters and 3 lancing devices. She said she had already thrown out several other boxes in the past to make room. We advised her to call the Medicare fraud waste and abuse hot line..... she has received two more shipments since that time."

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

Mail Order Waste

"Liberty Mutual testing supplies. Wasteful! They send too much to the patient without them requesting it!"

NCPA NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

Mail Order Waste

"The picture represents my mother's diabetes medications that were auto shipped to her from Liberty mail order pharmacy during a 2 year period. The cost for these products represents $442.50 per year of waste in the system that you and I as taxpayers paid for. Multiply this by the number of diabetic patients in this country, over 21 million, and the numbers are astronomical: **$9.3 Billion** in potential waste and abuse in the diabetes community alone when provided by mail order companies."

NCPA
NATIONAL COMMUNITY PHARMACISTS ASSOCIATION

*These are actual images sent by participating pharmacies in the Dispose My Meds Program. Patient information has been removed or obscured to comply with all applicable laws protecting personal health information.

CVS CAREMARK Part D Services

September 6, 2011

Audit Tips

Vol. 7, No. 5

CVS Caremark Part D Services, L.L.C. is providing information on the requirements to submit valid prescriber information and the upcoming changes related to CMS (Centers for Medicare and Medicaid Services) regulatory requirements.

INVALID PRESCRIBER ID – MEDICARE PART D UPDATE – IMPORTANT NOTICE

It is important to note that claims submitted for payment with prescriber information that cannot be validated will be subject to retrospective review and possible recoupment of paid funds; therefore, accurate submission of data is essential. **Caremark recommends all pharmacies actively resolve any inaccuracies in their prescriber database prior to 2012 to prevent retrospective claim audits that may lead to recoupment of the funds on these paid claims.**

CMS Regulatory Requirement for Prescriber Accuracy

CMS has updated requirements effective **January 1, 2012,** as outlined in the 2012 Call Letter dated April 4, 2011, that states all claim submissions must include prescriber identifiers that are active and valid. In the Call Letter, CMS further stated, "Sponsors should not reject a pharmacy claim solely on the basis of an invalid prescriber identifier unless the issue can be resolved at point-of-sale. Thus, pharmacies can fill prescriptions and sponsors can pay the associated drug claims with an unvalidated prescriber ID at point-of-sale." Plan Sponsors are required to verify and report a valid PDE (Prescription Drug Event) record to CMS which includes a valid NPI.

Caremark Requirement for Accurate Submission

The Caremark Provider Manual provides information related to correct entry of a prescriber identifier. Caremark requires the pharmacy to enter the accurate, valid NPI (National Provider Identifier) of the prescriber on all claims. If the medication is a controlled substance the pharmacy must validate that the prescriber has an active and valid DEA (Drug Enforcement Administration) number.

Caremark Provider Manual Requirement Update for Foreign Prescribers

The Caremark Provider Manual is being updated to include specific requirements regarding prescribers from foreign countries not licensed in the United States. A Prescriber Identifier of 08 (within the 466-EZ Prescriber ID Qualifier field) will be required for any claim from a foreign prescriber and must be accompanied by a license number assigned by an appropriate licensing board in the foreign jurisdiction. These claims will be subject to retrospective audit review. *The identifier of 08 should be used to indicate a foreign prescriber is submitted with a claim for a Medicare beneficiary.*

CVS Caremark Processing and Retrospective Auditing of Prescriber Information

- Submitted claims deemed "complete" will have a paid response; claims are considered "complete" when they include populated values (i.e., not NULL) and pass the traditional check-digit requirement
- Claims submitted with a qualifier of 08 will be considered a foreign prescriber and will have a paid response; a retrospective review will be conducted to confirm the pharmacy has valid

documentation for the foreign prescriber and that the information entered represents the license number assigned by an appropriate licensing board in the foreign jurisdiction

- Claims submitted which are "complete" but are not found to have a valid NPI or DEA match within a national provider database will be flagged as invalid for retrospective review – these claims are not valid for submission to CMS and therefore must be corrected
- Claims deemed invalid will be communicated back to the pharmacy for correction of the claim; claim correction must be received to allow the claim to be reported to CMS

Should you have any questions or concerns related to this audit notice, please contact the Pharmacy Audit Department at 1-866-465-2508.