

# Pharmacy Audit & Fraud, Waste, and Abuse

2022 Year in Review



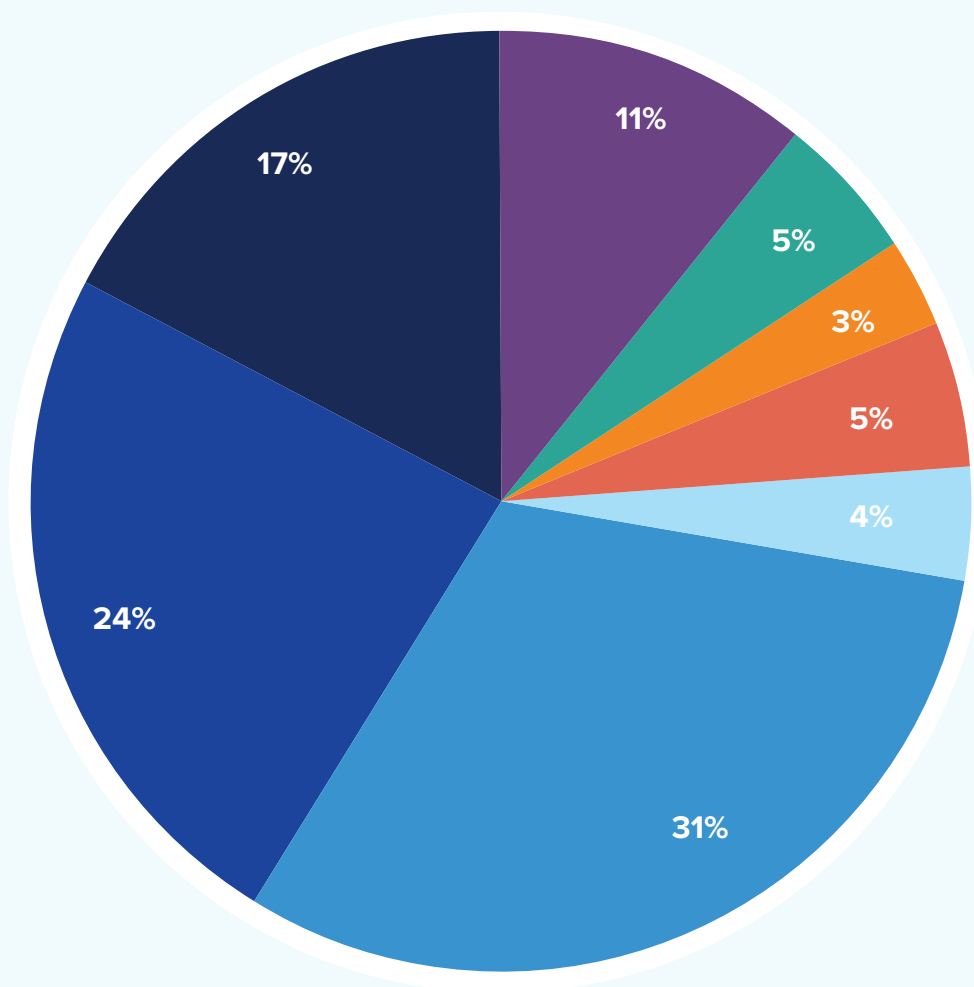
# Pharmacy Audit & Fraud, Waste, and Abuse Department

Elixir's Pharmacy Audit & Fraud, Waste, and Abuse (FWA) Department works to detect, prevent and address FWA activities affecting the prescription benefit.

We provide audit and investigative services to help protect our client's financial and compliance interests and reputation. The following report summarizes pharmacy FWA trends and activities observed in 2022, as well as insight into notable cases.



## 2022 Allegation Types Investigated



- |                                     |   |
|-------------------------------------|---|
| False or Cloned Prior Authorization | HIV Drug Overutilization                                |
| Billing Non-Covered Drug as Covered | Drugs Not Dispensed                                     |
| Wrong Member Billed                 | Other   |
| Drug Diversion/Providing False Info | Billing for Drugs Received But Not Ordered or Requested |



43

**Fraud Cases**  
referred to law  
enforcement or  
regulatory agencies



51

**Pharmacies  
Suspended**  
from the network  
due to FWA activities



58

**Pharmacies  
Terminated**  
due to FWA



82%

**Suspended  
Pharmacies**  
identified through  
data mining activities





2

**FWA-Focused  
Communications**

shared with network  
pharmacies



0

**Counties Added**  
to pharmacy contracting  
HEAT Zone criteria  
county list



**\$18M**

**Dollars Saved**  
due to pharmacy  
suspensions



31

**Questionable  
Pharmacies**

blocked from network  
entry per FWA review





## FWA Prevention Efforts

### Through Pharmacy Credentialing and Recredentialing

Elixir requires that pharmacies located in a HEAT Zone be open for a minimum of 18 months and under the same ownership for 12 months prior to admittance into the network. HEAT Zone pharmacies are considered to be in high fraud areas as designated by the Department of Justice and Health and Human Services and expanded upon by Elixir. Every year, a review of ongoing fraud trends and pharmacy suspensions is completed in order to determine applicability of additional, neighboring counties to the HEAT Zone list.



# 350

#### PHARMACIES DENIED

network entrance  
due to not meeting  
HEAT Zone criteria



# 42

#### PHARMACIES SUSPENDED

or terminated for not  
meeting recredentialing  
requirements



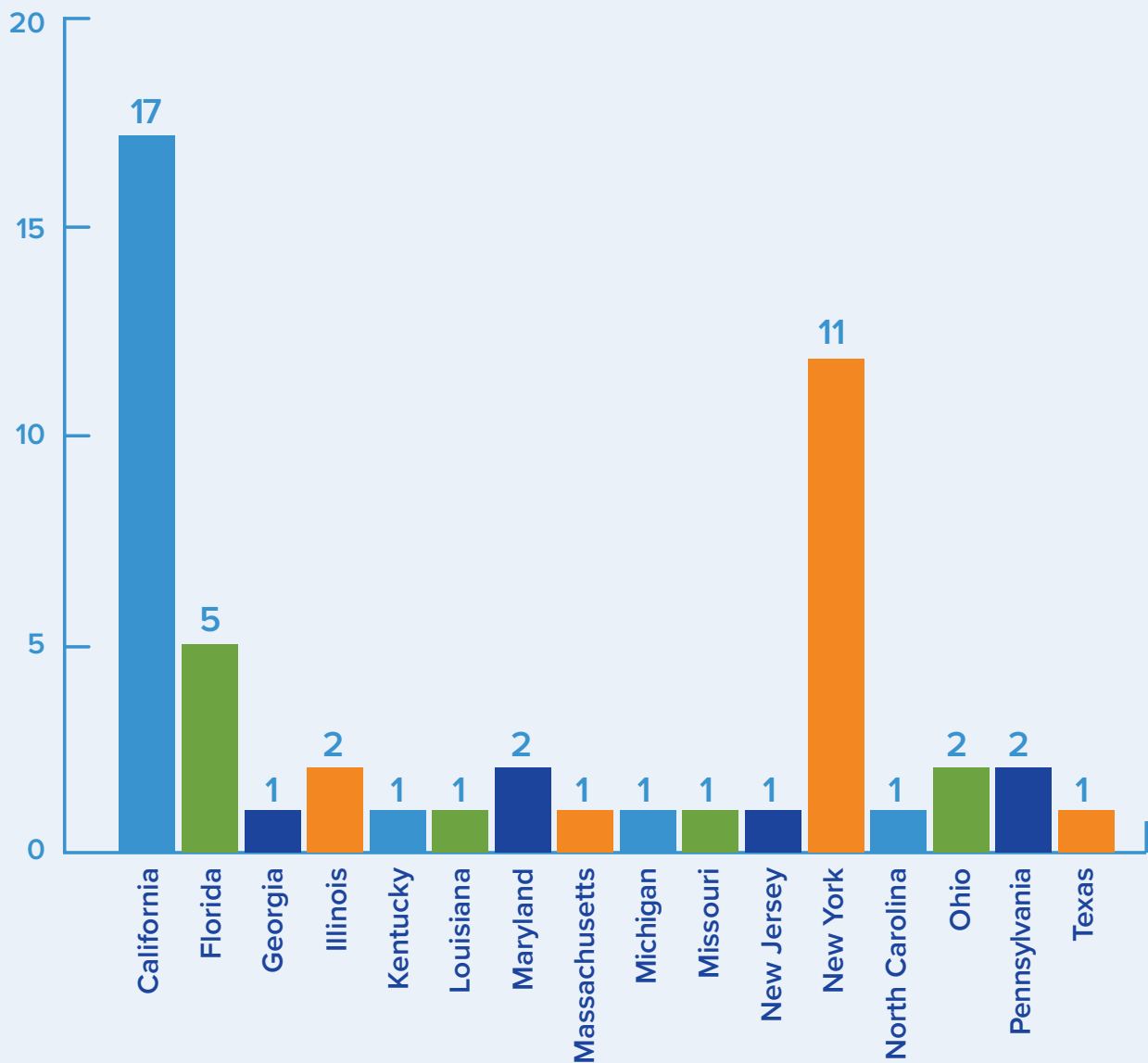
# 42

#### CHAIN/ PSAO

were recredentialled,  
accounting for  
42,063 pharmacies

# 2022 Suspensions by State

Number of Suspended Pharmacies



# 2022 FWA Notable Trends

Multiple pharmacies have been suspended and terminated from our network because of these issues.



## Phantom Claims

Phantom claims or “billing for drugs not dispensed,” is when pharmacies fail to produce proof of a purchased medication upon invoice audit request or when purchase records show insufficient inventory. Several pharmacies were removed from Elixir’s network due to invoice shortages, with most issues found in California and New York.



## Forged Prior Authorizations

With this trend, pharmacies are found to submit false information within prior authorization records to obtain paid claims. This fraud has been the focus of Elixir’s Special Investigative Unit activities, involving mostly high-cost, low clinical value medications (e.g., omeprazole-bicarbonate, naproxen CR 500mg, sumatriptan-naproxen, and metformin ER). In 2022, Elixir sent an educational memo to pharmacies about this FWA issue.



## Pharmacy Suspensions Decreased

While pharmacy suspensions peaked in 2020 due to pandemic-related FWA, in 2022, the number of suspended pharmacies decreased. We attribute this decrease to the high number of providers excluded during previous years along with Elixir’s coordinated FWA prevention efforts from our FWA and Pharmacy Credentialing teams.

Due to our prevention efforts, pharmacies joining the our network may be subjected to an Enhanced FWA Credentialing process and required to provide additional information for review including:

- Pictures of designated pharmacy areas
- Wholesaler, manufacturer and distributor invoices for outlined time frame
- Comprehensive drug utilization report for outlined time frame, regardless of claims submission to Elixir
- Comprehensive staff listing, including names, license numbers, Social Security numbers and/or dates of birth
- Pharmacy policies and procedures
- Bills of sale
- Completion of onsite audit or other information as deemed necessary







# 2022 FWA Notable Cases



## Deceptive Language

A California pharmacy that serves multiple long-term care facilities used medical necessity language and a list of tried and failed medications to obtain prior authorizations for a higher-cost version of a common laxative. It appears prescribers were not aware of the medication's cost and were heavily influenced by the pharmacy and the product manufacturer's language, which suggests the medication enhances patient compliance. Members previously had no compliance issues with their laxative therapy and there was no justification for a more expensive version of the same product.



## Billed vs. Administered

A California infusion pharmacy billed the health plan for immune globulin (IVIg) for non-existing health conditions and yet they administered "vitamin shots." The pharmacy and its sister pharmacy were removed from network.



## Forged Language for Prior Authorizations

A California dermatology dispensary serving multiple long-term care facilities forged language to obtain prior authorization for profitable topical corticosteroids. A prescriber would visit facilities and bring the products to dispense. The language used for the prior authorizations could not be supported by review of the members' medical records and first-line therapy was not considered in addressing the members skin conditions.

## RECOMMENDATIONS TO PLAN SPONSORS

**Continue to review the  
Elixir FWA Activities  
Report to determine plan  
exposure to ongoing  
FWA schemes.**



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For more information on preventing  
fraud, waste and abuse, contact your

**Account Management Team**

For more ways to improve plan and member  
outcomes, visit [blog.elixirsolutions.com](https://blog.elixirsolutions.com).

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