Using Benchmarking and Data Analysis to Detect Part D FWA Risks and Cost Management Opportunities

Presented by:
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Limitations

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Agenda

- Chapter 9 Background
- Monitoring and Auditing (50.6)
- Using Your PDE (50.6.9)

Background: Prescription Drug Benefit Manual
Chapter 9 – Compliance Program Guidelines

| 10  | Introductions |
| 20  | Definitions   |
| 30  | Overview of Mandatory Compliance Program |
| 40  | Sponsor Accountability for and Oversight of First-tier, Downstream, and Related Parties (FDRs) |
| 50  | Elements of an Effective Compliance Program |

Appendix A
- Resources

Appendix B
- Laws and Regulations to Consider in Standards of Conduct and/or Training

### Background: Chapter 9 – Section 50
The seven elements of an effective compliance program

<p>| | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>50.1</td>
<td>Written Policies, Procedures and Standards of Conduct</td>
</tr>
<tr>
<td>50.2</td>
<td>Compliance Officer, Compliance Committee and High Level Oversight</td>
</tr>
<tr>
<td>50.3</td>
<td>Effective Training and Education</td>
</tr>
<tr>
<td>50.4</td>
<td>Effective Lines of Communication</td>
</tr>
<tr>
<td>50.5</td>
<td>Well-Publicized Disciplinary Standards</td>
</tr>
<tr>
<td>50.6</td>
<td>Effective System for Routine Monitoring, Auditing and Identification of Compliance Risks</td>
</tr>
<tr>
<td>50.7</td>
<td>Procedures and System for Prompt Responses to Compliance Issues</td>
</tr>
</tbody>
</table>

### Background: Chapter 9 – 50.6: Element VI
Effective System for Routine Monitoring, Auditing and Identification of Compliance Risks

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>50.6.1</td>
<td>Routine Monitoring and Auditing</td>
</tr>
<tr>
<td>50.6.2</td>
<td>Development of a System to Identify Compliance</td>
</tr>
<tr>
<td>50.6.3</td>
<td>Development of the Monitoring and Auditing Work Plan</td>
</tr>
<tr>
<td>50.6.4</td>
<td>Audit Schedule and Methodology</td>
</tr>
<tr>
<td>50.6.5</td>
<td>Audit of the Sponsor’s Operations and Compliance Program</td>
</tr>
<tr>
<td>50.6.6</td>
<td>Monitoring and Auditing FDRs</td>
</tr>
<tr>
<td>50.6.7</td>
<td>Tracking and Documenting Compliance and Compliance Program Effectiveness</td>
</tr>
<tr>
<td>50.6.8</td>
<td>Office of the Inspector General / General Services Administration Exclusion</td>
</tr>
<tr>
<td>50.6.9</td>
<td><strong>Use of Data Analysis for Fraud, Waste and Abuse Prevention and Detection</strong></td>
</tr>
<tr>
<td>50.6.10</td>
<td>Special Investigation Units (SIUs)</td>
</tr>
<tr>
<td>50.6.11</td>
<td>Auditing by CMS or its Designees</td>
</tr>
</tbody>
</table>
Monitoring and Auditing
(Element VI, Sec. 50.6)

Monitoring and Auditing (50.6)

Why is monitoring important?
- Required by CMS: Sponsors must perform effective monitoring in order to prevent and detect FWA.¹
- Data quality / preparation for financial audits
  - Correct average wholesale price (AWP) discounts issues
  - Document potential duplicate claims
- Patient safety / optimal clinical outcomes
- Manage drug costs

Can accomplish through data analysis
- Review claim information for accuracy
- Benchmark claim information against other sources or over time
- Look for unusual patterns

¹ 50.6.9, 42 C.F.R. §§ 422.503(b)(4)(vi)(F), 423.504(b)(4)(vi)(F)
Monitoring and Auditing (50.6) (cont.)

What to monitor:
- Pharmacy and medical billing
- TrOOP accounting
- Changes in drug utilization over time
- Physician referral or prescription patterns
- Drug mix changes
- Data submission
- Enrollment
- FDRs

Key take-away: Establish baseline data for comparison in order to recognize unusual trends and changes.

Monitoring and Auditing (50.6) (cont.)

- Develop statistically significant indicators. Examples include:
  - Standard deviations from the mean (i.e., quantification of the amount of variation within a set of values)
  - Percent above/below the mean or median
  - Percent change in charges or utilization from one period to another

- Routinely generate and review reports (50.6.1).

- Conduct a formal baseline assessment of risk areas (50.6.2).

Key take-away: Sponsors should routinely generate and review reports to identify areas of risk that require further review.
Monitoring and Auditing (50.6) (cont.)
Part D Areas of Risk (50.6.6)

- Potential areas of risk for First-tier, Downstream, and Related Entities

**First-tier**

- **Sponsor** – failure to provide medically necessary services, inaccurate bid submissions, payments for excluded drugs
- **Pharmacy Benefit Manager (PBM)** – unlawful remuneration, prescription splitting or shorting, failure to offer negotiated prices
- **Prescriber** – illegal remuneration schemes, script mills
- **Beneficiary** – misrepresentation of status

**Monitoring and Auditing (50.6) (cont.) (cont.)**
Part D Areas of Risk (50.6.6) continued

- Potential areas of risk for First-tier, Downstream, and Related Entities

**Downstream**

- **Pharmacies** – prescription refill errors, inappropriate billing practices, e.g., prescription splitting to receive additional dispensing fees
- **Claim processing firm** (if plan sponsor does not contract with a PBM)
- **Wholesalers** - diverters, inaccurate documentation of pricing information
- **Pharmaceutical Manufacturers** - kick backs, illegal off-label promotion
- **Beneficiaries** - resale of drugs on the black market
Monitoring and Auditing (50.6) (cont.)
Part D Areas of Risk (50.6.6) continued

- Potential areas of risk for First-tier, Downstream, and Related Entities

**Related Entity (e.g., Related Party Pharmacy)**

- Inappropriate billing practices
- Failure to offer negotiated prices

**Key take-away:** Use findings to determine where there is a need for a change in policy.

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Monitoring and Auditing (50.6) (cont.)
Part D Areas of Risk (50.6.6) continued

- Sponsor must monitor and audit its FDRs
- If FDRs perform their own audits, obtain a summary of the audit work plan and audit results:
  - Payment reports
  - Drug utilization review
  - Provider utilization reports
  - Prescriber and referral patterns by physician

**Key take-away:** Sponsors are responsible for administration of the Medicare Parts D benefits, regardless of whether the sponsor has delegated some of that responsibility to FDRs.
USING YOUR PDE

50.6.9 – Use of data analysis for fraud, waste and abuse prevention and detection

Using Your PDE (50.6.9)
What is PDE

- Prescription Drug Event (PDE) files contain Part D drug claim information (text file)
- Submitted to CMS either by plan sponsor or via PBM / TPA
- NOT payment records between pharmacy and PACE plan
- Used by CMS to determine Part D payment reconciliation
Using Your PDE (50.6.9)

What is PDE?

Key Data Elements of PDE

- Member ID
- Date of Service
- Prescriber
- Dispensing Pharmacy
- National Drug Code (NDC)
- Quantity Dispensed
- Days Supply
- Pricing

Using Your PDE (50.6.9)

What is PDE - Fields

<table>
<thead>
<tr>
<th>General</th>
<th>Demographic</th>
<th>Provider</th>
<th>Prescription</th>
<th>CMS Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submitter ID</td>
<td>HIC Number</td>
<td>Service Provider ID</td>
<td>NDC</td>
<td>Record ID (ACC, REJ, or INF)</td>
</tr>
<tr>
<td>File ID</td>
<td>Date of Birth</td>
<td>Prescriber ID</td>
<td>Fill Number</td>
<td>PBP of Record</td>
</tr>
<tr>
<td>Contract Number</td>
<td>Gender</td>
<td>Pharmacy Service Type</td>
<td>Quantity Dispensed</td>
<td>Corrected HICN</td>
</tr>
<tr>
<td>Record ID</td>
<td>PBP ID</td>
<td></td>
<td>Ingredient Cost Paid</td>
<td>Error Count</td>
</tr>
<tr>
<td>Adjustment Deletion Code</td>
<td>Patient Residence</td>
<td></td>
<td>Dispensing Fee Paid</td>
<td>Errors Code 1 - 10</td>
</tr>
<tr>
<td>Date of Service</td>
<td></td>
<td></td>
<td>Sales Tax</td>
<td></td>
</tr>
<tr>
<td>Paid Date</td>
<td></td>
<td></td>
<td>Covered Plan Paid (CPP) Amount</td>
<td></td>
</tr>
<tr>
<td>Coverage Status Code (C, E, O)</td>
<td></td>
<td></td>
<td>Non Covered Plan Paid (NPP) Amount</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Vaccine Administration Fee</td>
<td></td>
</tr>
</tbody>
</table>

Using Your PDE (50.6.9)

What is PDE - continued

- Information included in PDE
  - Covered Part D drugs
  - Over-the-counter (OTC) drugs
  - Enhanced drugs (not covered by Part D but not available OTC; ex. Viagra)
  - NDC number

- Information not included in PDE
  - AWP – available via Medispan subscription or through third party
  - Claims for Medicaid only members
  - Claims for drugs covered under Part A / Part B
  - House stock
  - Drug name / type (brand / generic)
  - Physician and pharmacy names

Using Your PDE (50.6.9)

How to Begin?

- Convert PDE text file to usable format (Excel / Access)
  - May need IT assistance for file conversion

- Append membership information from monthly membership report (MMR) files
  - PDE only contains HIC number, not member names (MMR files also text format)

- Convert NDCs to drug names
  - Available via Medispan subscription or through third party

- Append AWP or WAC pricing information
  - Available via Medispan subscription or through third party

- Append physician name and pharmacy information
  - Available via NPI registry or through third party
Using Your PDE (50.6.9)
Data Analysis

- Data analyses should include:
  - Physician, Patient and Pharmacy Profiling
  - Billing and pricing anomalies
  - Part D and non-Part D coverage errors
  - Dispensing anomalies and early refills
  - Rejected claims analysis
  - Clinical analysis
  - Specialty drug usage
  - Recent/upcoming generic launches

Using Your PDE (50.6.9)
Contracting and Benchmarking

- Contracting:
  - Definition of discounts and dispensing fees - easier to monitor contracted discounts
  - Specialty pricing – are specialty drugs clearly defined?
  - Consistency of pricing - both within a given pharmacy and across all pharmacies used

- Benchmarking:
  - Prior years
  - Prior quarters
  - Other PACE organizations (POs)
Using Your PDE (50.6.9)
Pharmacy contract review

- PACE averages for brand and generic discounts and dispensing fees

<table>
<thead>
<tr>
<th>Pharmacy Reimbursement</th>
<th>2016 PACE Average¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Discount off AWP</td>
</tr>
<tr>
<td>Brand</td>
<td>14.5%</td>
</tr>
<tr>
<td>Generic</td>
<td>70.0%</td>
</tr>
<tr>
<td>OTC</td>
<td>14.5%</td>
</tr>
</tbody>
</table>

¹PACE average discounts and dispensing fees exclude POs with 340B pricing, in-house pharmacies, and other atypical pricing.

Using Your PDE (50.6.9)
Pharmacy contract review – AWP Example

- Impact to PACE organization with 300 members

<table>
<thead>
<tr>
<th>Metric</th>
<th>Current Pricing</th>
<th>2% Lower Discount</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Brand</td>
<td>Generic</td>
<td>Brand</td>
</tr>
<tr>
<td>Scripts</td>
<td>3,326</td>
<td>27.775</td>
<td>3,326</td>
</tr>
<tr>
<td>Ing Cost</td>
<td>$1,239,750</td>
<td>$789,000</td>
<td>$1,268,750</td>
</tr>
<tr>
<td>Discount</td>
<td>14.5%</td>
<td>70.0%</td>
<td>12.5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PMPM Impact</th>
<th>Current</th>
<th>2% Change</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generic</td>
<td>$218</td>
<td>$233</td>
<td>$15</td>
</tr>
<tr>
<td>Brand</td>
<td>$344</td>
<td>$352</td>
<td>$8</td>
</tr>
<tr>
<td>Total</td>
<td>$563</td>
<td>$585</td>
<td>$23</td>
</tr>
<tr>
<td>Total w/ DFs*</td>
<td>$606</td>
<td>$629</td>
<td>$23</td>
</tr>
</tbody>
</table>

* $5 dispensing fee per script
Using Your PDE (50.6.9)
Pharmacy contract review – Dispensing Fee Example

- Impact to PACE organization with 300 members

<table>
<thead>
<tr>
<th>Metric</th>
<th>Current Brand</th>
<th>Generic</th>
<th>$3 Increase to DF Brand</th>
<th>Generic</th>
<th>Impact Brand</th>
<th>Generic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scripts</td>
<td>3,326</td>
<td>27,775</td>
<td>3,326</td>
<td>27,775</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Dispensing Fee</td>
<td>$5.00</td>
<td>$5.00</td>
<td>$8.00</td>
<td>$8.00</td>
<td>$3.00</td>
<td>$3.00</td>
</tr>
<tr>
<td>Total Dispensing Fee</td>
<td>$16,630</td>
<td>$138,875</td>
<td>$26,608</td>
<td>$222,200</td>
<td>$9,978</td>
<td>$83,325</td>
</tr>
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</table>

**PMPM Impact**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Current PMPM</th>
<th>$3 Increase PMPM</th>
<th>Impact PMPM</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generic</td>
<td>$39</td>
<td>$62</td>
<td>$23</td>
<td>60.0%</td>
</tr>
<tr>
<td>Brand</td>
<td>$5</td>
<td>$7</td>
<td>$3</td>
<td>60.0%</td>
</tr>
<tr>
<td>Total</td>
<td>$43</td>
<td>$69</td>
<td>$26</td>
<td>60.0%</td>
</tr>
<tr>
<td>Total w/ IC*</td>
<td>$606</td>
<td>$632</td>
<td>$26</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

* Total PMPM includes ingredient cost

Using Your PDE (50.6.9)
Early Refills

- Reasons why early refills may occur
  - Change in dosing strength or quantity per day
    - May require new blister pack that triggers early refill for all meds
  - Nursing home transitions
  - Patient only at center a few days each week or going on vacation soon
  - Loss of medication
  - Cyclical dispensing
    - Ex: dispense only on Mondays, first week of month, ¼ of population each week
    - Initial fill has excess supply to bridge to regular fill cycle

Using Benchmarking and Data Analysis to Detect Part D FWA Risks and Cost Management Opportunities
Using Your PDE (50.6.9)

Early Refills Sample

- Potential Refill Issues

<table>
<thead>
<tr>
<th>Refill Issue</th>
<th>Number of Prescriptions¹</th>
<th>% of Total Scripts</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 Days Early</td>
<td>1,000</td>
<td>8.0%</td>
</tr>
<tr>
<td>10 Days Early</td>
<td>375</td>
<td>3.0%</td>
</tr>
<tr>
<td>20%+ Days Early</td>
<td>1,250</td>
<td>10.0%</td>
</tr>
<tr>
<td>5 Days Early Due to New NDCs (Change in Strength or Generic Manufacturer)</td>
<td>75</td>
<td>0.6%</td>
</tr>
<tr>
<td>Double Dispensing</td>
<td>13</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

¹Prescription counts listed in the table only include accepted claims. Prescription counts may overlap across categories.

Using Your PDE (50.6.9)

Early Refills – PACE averages

- Averages for a subset of PACE organizations

<table>
<thead>
<tr>
<th></th>
<th>% of Total Scripts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5 Days Early 10 Days Early Double Dispensing</td>
</tr>
<tr>
<td>PACE Plans w/ PBM (17 Plans)</td>
<td>5.8% 1.8% 0.1%</td>
</tr>
<tr>
<td>PACE Plans w/o PBM (10 Plans)</td>
<td>11.4% 4.3% 0.9%</td>
</tr>
<tr>
<td>Total (27 Plans)</td>
<td>7.8% 2.3% 0.4%</td>
</tr>
</tbody>
</table>

Key take-away: Understand why early refills happen, then decide if / how changes can be made to reduce waste.
Using Your PDE (50.6.9)
Clinical Issues – Specialty drugs

- Monitor high cost medications
  - Minimal effort required to review substantial percentage of drug cost
- Utilization management programs to use non-specialty prior to specialty drugs
  - Alendronate as a non-specialty pre-requisite before Prolia ($37 vs. $1,200 per month)*

*Drug pricing based on applying average PACE discounts off AWP from Medi-span as of August 31, 2017. Pricing may vary based on quantity dispensed and plan pricing.

Using Your PDE (50.6.9) cont.
Clinical Issues – Specialty drugs

- Examples of issues:
  - Hepatitis C
    - Patient on hepatitis C treatment (13 fills) from February to December
    - Mavyret as a lower cost alternative to Harvoni ($27,000 vs. $65,000 per 8 week treatment)*
    - Generic or biosimilar alternatives may be available
      - Use of generic imatinib mesylate instead of Gleevec
      - Copaxone vs Glatopa ($7,300 vs $5,600 per month)*
    - Incorrect coding as OTC within PDE
      - Two hepatitis C claims
      - Imatinib mesylate (generic Gleevec)

*Drug pricing based on applying average PACE discounts off AWP from Medi-span as of August 31, 2017. Pricing may vary based on quantity dispensed, manufacturer, and plan pricing.
Using Your PDE (50.6.9)

Clinical Issues – Generic Dispensing Rates (GDR)

- PACE average GDR - 88.6%
- Target GDR - 90%+
- Review GDR:
  - By dispensing pharmacy
  - By prescribing physician
  - Dispense as written (DAW) codes
- Examples:
  - Generic substitution - Nexium vs. esomeprazole ($257 vs. $87)*
  - Therapeutic substitution – Lyrica vs. gabapentin ($636 vs $21)*
- PBM vs in-house pharmacy controls

Key take-away: If GDR is below PACE average, further investigation may be needed.

*Drug pricing based on applying average PACE discounts off AWP from Medi-span as of August 31, 2017. Pricing may vary based on quantity dispensed, manufacturer, and plan pricing.

<table>
<thead>
<tr>
<th>Metric</th>
<th>Brand</th>
<th>Generic</th>
<th>Brand</th>
<th>Generic</th>
<th>Brand</th>
<th>Generic</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Scripts</td>
<td>4,665</td>
<td>26,436</td>
<td>3,554</td>
<td>27,547</td>
<td>(1,111)</td>
</tr>
<tr>
<td></td>
<td>Ing Cost</td>
<td>$1,735,650</td>
<td>$750,000</td>
<td>$1,322,171</td>
<td>$781,530</td>
<td>($413,479)</td>
</tr>
<tr>
<td></td>
<td>Ing Cost / script</td>
<td>$372.05</td>
<td>$28.37</td>
<td>$372.05</td>
<td>$28.37</td>
<td>$0.00</td>
</tr>
<tr>
<td></td>
<td>% of Scripts</td>
<td>15.0%</td>
<td>85.0%</td>
<td>11.4%</td>
<td>88.6%</td>
<td></td>
</tr>
</tbody>
</table>

GDR Impact

<table>
<thead>
<tr>
<th>Current</th>
<th>PACE Avg GDR</th>
<th>Impact</th>
<th>PMPM</th>
<th>PMPM</th>
<th>PMPM</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generic</td>
<td>$280</td>
<td>$217</td>
<td>$9</td>
<td>4.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand</td>
<td>$482</td>
<td>$367</td>
<td>($115)</td>
<td>-23.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$690</td>
<td>$584</td>
<td>($106)</td>
<td>-15.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total w/ DFs*</td>
<td>$734</td>
<td>$528</td>
<td>($106)</td>
<td>-14.5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* $5 dispensing fee per script

Impact to PACE organization with 300 members
Using Your PDE (50.6.9)
Clinical Issues – Medication therapy management (MTM)

- Use PDE to develop analytics for MTM
  - Limit the number/length of medications
    - Is 15+ medications safe and/or effective?
  - Number of beneficiaries receiving antiplatelet therapy
    - Clopidogrel (Plavix) – therapy is often for 9 months
    - Clopidogrel/aspirin/warfarin combinations
  - Review population as a whole
    - Ex: 100 patients
      - 30 receiving blood thinners
      - 70 receiving GI protectants
  - Age Appropriateness:
    - Statins – may not obtain same long-term benefits for 90 year-olds as 60 or 70 year-olds
    - Protein Pump Inhibitors – omeprazole, esomeprazole

Using Your PDE (50.6.9)
Clinical Issues – Days supply

- Review for appropriate days supply
  - Impact to PACE organization with 300 members

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Member Months</td>
<td>3,600</td>
</tr>
<tr>
<td>Medications per Member</td>
<td>9</td>
</tr>
<tr>
<td>Per Script Dispensing Fee</td>
<td>$5.00</td>
</tr>
<tr>
<td>Total DF $ - 7 day fill</td>
<td>$648,000</td>
</tr>
<tr>
<td>Total DF $ - 28 day fill</td>
<td>$162,000</td>
</tr>
<tr>
<td>Difference</td>
<td>$486,000</td>
</tr>
</tbody>
</table>

Despite higher dispensing fee costs seven day fills may help reduce total costs, particularly when a patient starts new therapy with high likelihood of dosage changes.
## Evaluation of Billing and Pricing Practices - Sample

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount off AWP - Brand</td>
<td>15.0%</td>
<td>15.2%</td>
<td>14.8%</td>
<td>15.0%</td>
<td>12.0%</td>
<td>14.3%</td>
<td>-0.8%</td>
</tr>
<tr>
<td>Discount off AWP - Generic</td>
<td>69.0%</td>
<td>70.0%</td>
<td>70.2%</td>
<td>60.0%</td>
<td>70.0%</td>
<td>67.6%</td>
<td>-1.5%</td>
</tr>
<tr>
<td>Dispensing Fee Per Script - Brand</td>
<td>$5.00</td>
<td>$5.00</td>
<td>$5.00</td>
<td>$4.50</td>
<td>$5.50</td>
<td>$5.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Dispensing Fee Per Script - Generic</td>
<td>$5.00</td>
<td>$5.00</td>
<td>$5.00</td>
<td>$12.00</td>
<td>$5.00</td>
<td>$6.75</td>
<td>$1.75</td>
</tr>
</tbody>
</table>

The claims in the third and fourth quarter should be reviewed in detail to determine the reasons for the change in discounts and dispensing fees, or if claim adjudication errors exist and need to be corrected and resubmitted.
### Evaluation of Billing and Pricing Practices - Sample

#### Variation of Discount Off AWP (with Review Priority) - Number of NDCs

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0-5% (Low)</td>
<td>95</td>
<td>98</td>
<td>90</td>
<td>75</td>
<td>98</td>
<td>90</td>
</tr>
<tr>
<td>5-10% (Medium)</td>
<td>3</td>
<td>3</td>
<td>5</td>
<td>10</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>10%+ (High)</td>
<td>2</td>
<td>4</td>
<td>15</td>
<td>15</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>Drug Charge Higher than AWP or Negative Discount (High)</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Total Count of NDC</td>
<td>100</td>
<td>105</td>
<td>110</td>
<td>100</td>
<td>105</td>
<td>105</td>
</tr>
</tbody>
</table>

| Drug Charge Change Prior to AWP Change5 (High) | 0 | 2 | 10 | 10 | 1 | 6 |

There is a significant increase in the number of claims with AWP issues in the first three quarters of 2016. Each claim should be reviewed in detail to determine if the pricing is consistent with contract terms.

### Pharmacy Profiling - Sample

#### Pharmacy Profiling - Sample

<table>
<thead>
<tr>
<th>Pharmacy ID</th>
<th>Pharmacy Name</th>
<th>% of Prescriptions</th>
<th>Generic Dispensing Rate</th>
<th>Generic Substitution Rate</th>
<th>% Discount off AWP</th>
<th>Dispensing Fee</th>
<th>Brand</th>
<th>Generic</th>
</tr>
</thead>
<tbody>
<tr>
<td>1234567</td>
<td>Pharmacy A</td>
<td>90.0%</td>
<td>90.0%</td>
<td>99.5%</td>
<td>14.5%</td>
<td>70.0%</td>
<td>$5.00</td>
<td>$5.00</td>
</tr>
<tr>
<td>1234568</td>
<td>Pharmacy B</td>
<td>5.0%</td>
<td>75.0%</td>
<td>85.0%</td>
<td>5.4%</td>
<td>75.0%</td>
<td>10.00</td>
<td>10.00</td>
</tr>
<tr>
<td>1234569</td>
<td>Pharmacy C</td>
<td>3.0%</td>
<td>88.0%</td>
<td>99.9%</td>
<td>14.5%</td>
<td>70.0%</td>
<td>5.00</td>
<td>5.00</td>
</tr>
<tr>
<td>1234560</td>
<td>Pharmacy D</td>
<td>1.0%</td>
<td>80.0%</td>
<td>90.0%</td>
<td>14.5%</td>
<td>70.0%</td>
<td>5.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Other(s)</td>
<td>Other(s)</td>
<td>1.0%</td>
<td>80.0%</td>
<td>90.0%</td>
<td>14.5%</td>
<td>70.0%</td>
<td>5.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100.0%</td>
<td>89.0%</td>
<td>98.6%</td>
<td>14.0%</td>
<td>70.3%</td>
<td>$5.25</td>
<td>$5.25</td>
</tr>
</tbody>
</table>

Pharmacy B's brand discount is lower and dispensing fees are higher than the other pharmacies. This pharmacy should be reviewed to determine if the difference is consistent with the pharmacy contract. Pharmacy B also has lower usage of generic drugs. This should be investigated further to determine if it's a result of pharmacy procedures.
## Physician Profiling

### Provider Prescribing Profile

<table>
<thead>
<tr>
<th>Prescriber ID</th>
<th>% of Prescriptions</th>
<th>Generic Dispensing Rate</th>
<th>Average Cost Per Day</th>
<th>Average Days Dispensed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1234567890</td>
<td>20.0%</td>
<td>92.2%</td>
<td>$2.50</td>
<td>22.0</td>
</tr>
<tr>
<td>1234567891</td>
<td>18.0%</td>
<td>85.9%</td>
<td>2.60</td>
<td>25.0</td>
</tr>
<tr>
<td>1234567892</td>
<td>16.0%</td>
<td>89.3%</td>
<td>2.40</td>
<td>23.0</td>
</tr>
<tr>
<td>1234567893</td>
<td>15.0%</td>
<td>86.5%</td>
<td>2.50</td>
<td>24.0</td>
</tr>
<tr>
<td>1234567894</td>
<td>14.5%</td>
<td>70.0%</td>
<td>5.00</td>
<td>7.0</td>
</tr>
<tr>
<td>1234567895</td>
<td>14.0%</td>
<td>88.0%</td>
<td>2.00</td>
<td>25.0</td>
</tr>
<tr>
<td>Other</td>
<td>2.5%</td>
<td>100.0%</td>
<td>2.00</td>
<td>20.0</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>86.1%</td>
<td>$0.86</td>
<td>0.9</td>
</tr>
</tbody>
</table>

Prescriber 1234567894 has a significantly lower generic dispensing rate and higher average cost per day compared to other prescribers. This physician’s prescribing patterns should be reviewed in detail to determine if generic opportunities exist.

## Patient Profiling - Sample

### Patient Cost Profile (With Top Three Drug Products)

<table>
<thead>
<tr>
<th>HIC Number</th>
<th>Product Name</th>
<th>Therapy Class</th>
<th>Number of Prescriptions</th>
<th>Total Cost</th>
<th>Cost per Prescription</th>
<th>Average Cost Per Day</th>
<th>Specialty Drug</th>
</tr>
</thead>
<tbody>
<tr>
<td>999999999A</td>
<td>Drug A</td>
<td>Therapy Class X</td>
<td>3</td>
<td>25,000.00</td>
<td>8,333.33</td>
<td>273.22</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Drug B</td>
<td>Therapy Class Y</td>
<td>3</td>
<td>1,000.00</td>
<td>333.33</td>
<td>10.93</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Drug C</td>
<td>Therapy Class Y</td>
<td>3</td>
<td>900.00</td>
<td>300.00</td>
<td>9.84</td>
<td>No</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>30</td>
<td>30,000.00</td>
<td>1,000.00</td>
<td>32.79</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HIC Number</th>
<th>Product Name</th>
<th>Therapy Class</th>
<th>Number of Prescriptions</th>
<th>Total Cost</th>
<th>Cost per Prescription</th>
<th>Average Cost Per Day</th>
<th>Specialty Drug</th>
</tr>
</thead>
<tbody>
<tr>
<td>888888888A</td>
<td>Drug D</td>
<td>Therapy Class W</td>
<td>3</td>
<td>22,500.00</td>
<td>7,500.00</td>
<td>245.90</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Drug B</td>
<td>Therapy Class Y</td>
<td>3</td>
<td>1,000.00</td>
<td>333.33</td>
<td>10.93</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Drug E</td>
<td>Therapy Class Z</td>
<td>3</td>
<td>750.00</td>
<td>250.00</td>
<td>8.20</td>
<td>No</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>60</td>
<td>27,000.00</td>
<td>450.00</td>
<td>14.75</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HIC Number</th>
<th>Product Name</th>
<th>Therapy Class</th>
<th>Number of Prescriptions</th>
<th>Total Cost</th>
<th>Cost per Prescription</th>
<th>Average Cost Per Day</th>
<th>Specialty Drug</th>
</tr>
</thead>
<tbody>
<tr>
<td>111111111D</td>
<td>Drug A</td>
<td>Therapy Class W</td>
<td>3</td>
<td>13,000.00</td>
<td>4,333.33</td>
<td>142.08</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Drug F</td>
<td>Therapy Class W</td>
<td>3</td>
<td>1,500.00</td>
<td>500.00</td>
<td>16.39</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Drug G</td>
<td>Therapy Class Z</td>
<td>3</td>
<td>960.00</td>
<td>316.67</td>
<td>10.38</td>
<td>No</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>40</td>
<td>25,559.14</td>
<td>638.98</td>
<td>20.95</td>
<td></td>
</tr>
</tbody>
</table>

Review all of the claims for the most expensive patients in addition to the drugs listed in this table. In addition to the cost analysis, an evaluation of patients with a high number of prescriptions and unique medications should also be considered.
Thank you

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