



## To The Point

# FRAUD, WASTE & ABUSE

National Cooperative 

*“We work for our members. Protecting their interests is first and foremost. It’s what makes us unique and stand apart from the competition.”*

*-Wayne Salverda,*

*Senior Director of Clinical Services*

Fraud, waste and abuse adds billions of dollars in costs to health care annually. Estimates suggest that 3-10% of health care spending may be attributed to health care fraud. The pharmacy benefit is not immune.

The Pharmaceutical Care Management Association estimates that 1% of drug costs are due to fraud, waste and abuse. The Department of Health & Human Service’s Office of Inspector General has reported up to 4% of pharmacies have submitted questionable billings. In 2017, the US spent \$453B on 4.5B prescriptions; if just 1% of this was due to fraud, waste and abuse, that still totals \$4.5B.<sup>1</sup>

### Pharmacy Fraud, Waste and Abuse May be on the Rise Due to:

**Any Willing Provider compliant networks.** Pharmacy Benefit Managers (PBMs) have begun using these for their clients. This may inadvertently provide unscrupulous pharmacies easier access.

**More restrictive pharmacy audit regulations.** This, in conjunction with the above, results in “pay and chase” scenarios that are unlikely to result in recoveries.

**High cost of audit services.** Why would a PBM want to spend the time and money to eliminate 1% or more of its

potential revenues? The audit services may also be limited in scope, depth and breadth.

**Technological advances.** It has never been easier for plan participants, pharmacies and providers to check coverage status and costs. These great tools can also be misused. For example, pharmacies could bill phantom claims.

**Explanation Of Benefits (EOBs).** These may be uncommon for pharmacy transactions or may only be available online. Consequently, infrequent users of the benefit may not notice questionable transactions.

### National CooperativeRx’s Watchdog Role

Initiatives offered by National CooperativeRx to plan sponsors conservatively suggest pharmacy fraud results in additional costs of \$10 per participant per year. Collectively, fraud, waste and abuse may likely be 3-4 times greater than that.

**Moving forward, National CooperativeRx is continuing to work with our PBM partner CVS Health to fight fraud, waste and abuse. We don’t do business with questionable pharmacies and we watch our members’ dollars to ensure they are being used effectively and efficiently.**

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1. <http://www.ncsl.org/research/health/combating-health-care-fraud-and-abuse.aspx>