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Fraud Waste and Abuse Monitoring – an Underserved Market

A recent Associated Press article cited disturbing results of a July 2008 Government Accountability Office (GAO) report. (<http://www.gao.gov/new.items/d08760.pdf>) The report stated that the government has yet to ensure that private plans contracted to provide Medicare Part D drug benefits have enacted appropriate measures to monitor and respond to areas of Fraud Waste and Abuse (FWA). The report is not surprising.

As per the Centers for Medicare and Medicaid Services (CMS) guidelines, private plans have enacted a series of policies and procedures to address oversight of FWA, however there are few tools in place to support those efforts. As the article mentioned, the GAO looked at five plans regarding their compliance with a specific government requirement regarding FWA training. Only 2 companies fully met the requirements. The article mentioned that the lack of oversight "risks significant misuse of funds in this \$39 billion program," according to the GAO.

The challenge is that private health plans rarely have the direct access to the areas of required oversight. In many cases the Medicare Part D plans rely on third party Pharmacy Benefit Manager (PBM) to assist with management of the prescription drugs. Private health plans understand that they and not the PBM are ultimately responsible to the government for ensuring adequate FWA oversight, but the private health plans market lacks the appropriate electronic monitoring tools to assess FWA and their PBMs management of FWA.

Due to the complexity, utilization and vast dollars spent on the Medicare Part D benefit, plans will need to rely on strong data driven monitoring tools to reach the level of oversight required. Currently, electronic monitoring of Fraud Waste is limited in frequency, breadth and detail. Some PBM's provide FWA services for extra fees, but are limited to the review of pharmacy claims data and provided on limited intervals. As a result, the market is underserved regarding FWA.

Historically plans have been hesitant to respond directly to cases of FWA due to the concerns of overstepping patient privacy laws. The development of Medicare Part D and the associated risks for non-compliance now require a hands-on effort to oversee suspected instances of fraud and respond in a timely manner.

The next phase is an "industry best practice" FWA claim check that is web enabled for access and up to the minute in terms of monitoring. This form of FWA reporting must also synchronize with Medical data

history where possible to validate medical conditions and corresponding drug use such as narcotics and cancer.

This next phase of FWA review provides the scalability, scope and breadth to support the written policies and procedures that are now in place at most private health plans. Plans need to monitor inappropriate use of covered Medicare Part D drugs by pricing, network provider location, dosage and respond to alerts. While there are several areas of risk for the plans and the government: financial, health, and criminal. The market solution offered is innovative and powerful enabling a broad scope of oversight – and highly scalable.