Primary Pharmacy Audit Components

The following information serves as a general guide to the components of a Medicaid Pharmacy Audit. Although the list provided may not be all inclusive, it covers most of the discrepancies found through onsite and desk review audits. Non-compliant prescriptions may result in recoupments. Questions regarding this information may be directed to Medicaid at (334) 353-4584.

- **Rx Hardcopy Requirements**
    - o **Tamper Resistant Prescriptions** - Prescriptions for outpatient drugs for Medicaid recipients which are executed in written (and non-electronic) form must be executed on tamper-resistant prescription pads.
    - o **Controlled Substance Prescriptions** – Medicaid follows all DEA and Alabama State Board of Pharmacy rules and regulations regarding controlled substance prescriptions. The prescribing physician must authorize all changes from the original prescription before dispensing, and any change must be documented on the prescription. Written controlled substance prescriptions require a manual signature by the practitioner.
    - o **Total Parenteral Nutrition (TPN)-** TPN prescriptions/orders include those used for hyperalimentation intradialytic parenteral nutrition (IDPN), and intraperitoneal nutrition (IPN). A certification statement of medical necessity must be written or stamped on the prescription/order, or accompany all TPN prescriptions/orders.

- **Timely Prescription Reversal**- If a patient or a patient's authorized representative has not picked up his/her prescription within sixty (60) days, the pharmacy is required to reverse the claim and credit Medicaid the amount originally billed.

- **Claims Submission**
    - o **Dispense As Written (DAW) Codes** – Use of DAW codes will be audited on a regular basis to ensure correct billing. For a detailed explanation of each DAW code, see Section 27.2.2 of the Provider Billing Manual.
    - o **Emergency Prior Authorization (PA) –** The use of the emergency PA code is to be used only in cases of emergency. This code will be monitored and recoupments will be initiated if the code is found to have been used inappropriately.
    - o **Other Coverage Code (OCC) –** Pharmacy providers should file a patient's primary insurance prior to filing Medicaid. Once the primary payer has responded, the patient's claim can be submitted to Medicaid. The use of OCC's will be monitored regularly. For detailed information on OCC's, see Section 27.5.6 of the Provider Billing manual.

- **High Cost Claims –** High cost prescription claims will be reviewed on a regular basis. The NDC number of the product actually dispensed should be billed, and the days supply should be clinically appropriate according to prescription instructions. All aspects of the claims will be reviewed for accuracy.

- **Inaccurate Billing –** Certain drug products are at increased risk for billing errors. Claims for these prescriptions will be reviewed on a regular basis. The NDC number of the product actually dispensed should be billed, and the days supply should be clinically appropriate according to prescription instructions. All aspects of the claim will be reviewed for accuracy.

- **Out of State Providers** – Claims submitted by out of state providers will be reviewed regularly to ensure the medication dispensed is in accordance with the provider's enrollment guidelines.

- **Compound Prescriptions-** Claims for compounded prescriptions will be audited to ensure they follow all guidelines set forth in Chapter 27.2.5 in the Provider Billing Manual.

- **Multiple Dispensing Fees** - Providers must have documentation to include call-in and hard copy prescriptions to support the multiple dispensing of the same product to the same patient within an appropriate period of time.

- **Usual and Customary (U&C)-** For specified products, the submitted charge will be compared to the cash price or advertised price. Adjustments may be initiated.

- **Recipient Signatures-** Recipient signatures are required for all pharmacy claims to validate the service was rendered to the recipient and to ensure the recipient was offered appropriate counseling. For pharmacy items that have been delivered, the signature of the recipient or his/her designee is required. Pharmacies should maintain recipient signature logs for examination.

Continued violations of Medicaid claims processing policies may result in recoupment and referral to the Alabama Attorney General's Office for investigation of fraud. Please visit CMS' Medicaid Program Integrity (MPIE) website at www.cms.gov. The site provides educational resources for providers, beneficiaries, managed care plans (MCPs) and other stakeholders and promotes best practices and awareness of Medicaid fraud, waste and abuse.