

# STATE PUBLIC EMPLOYEE PLAN



## STATE PUBLIC EMPLOYEE PLAN USA

### Industry:

Government and Healthcare

**CGI Federal Inc. undertook a complete pharmacy claims audit of a major central U.S. State's Public Employee Plan's commercial business. The pharmacy claims history spanned twenty-four months of electronic prescription transactions. 766,366 claims were paid totaling \$33,539,417 within this period. The plans fell into several plan categories with multiple variations in benefit design within each category. The categories included a HMO, PPO and a major medical plan prescription benefit. Five unique pharmacy networks and two unique mail-order pharmacy vendors were used to provide prescription services to subscribers. The Plan also utilized a generic Maximum Allowable Cost (MAC) schedule from a contracted PBM to price generic drugs.**

### The Challenge

The State Public Employee Plan wanted to ensure the prescription benefit was administered correctly per the service agreement terms and benefit design, and determine if there were any instances of misuse of the benefit.

### How CGI Helped

Using our proprietary pharmacy claims auditing system, CAS-RX, CGI comprehensively audited and verified the integrity of all parameters of the benefit design, plan pricing and retrospective Drug Utilization Review (DUR) programs and provided views of the claims data.

Specific audits pinpointed prescription claims with unrealistically high quantities dispensed, claim dollar levels and utilization rates that were researched and shown to be misfilled or improperly filled at the pharmacy level. The audit system, including various analyses of subscribers, pharmacies and physicians, also highlighted instances where case management and utilization review would be likely to save prescription benefit dollars in the future with intervention strategies. The subscriber data highlighted members with the highest utilization rates, utilizing the highest cost medications, and with the greatest dollars in prescription spending. The pharmacy and physician data was sorted to view providers who would provide the greatest return from intervention strategies in the areas of Dispensed as Written (DAW) prescription conversions and generic compliance.

Of particular interest in this case was the fact that NMIS compliance auditing was being performed throughout the two-year period to ensure the integrity of the plan, yet these instances occurred undetected.

### The Results

The recovery from the audit totaled \$712,763 involving 38,868 prescription claims. This represented 2.1 percent of the prescription claims dollars and 5.1 percent of the prescription claims respectively.

- 67 percent of these dollars were attributed to duplicate claims
- 19 percent of these dollars were attributed to MAC pricing errors
- Nine percent of the claims were the result of no discount being applied
- The balance of the recoverable claims were due to AWP pricing errors, incorrect discount rates being applied, a combination of pricing and discounting errors and Usual and Customary price being applied when the discounted price would have been lower