

blue paper



PRIME USES ADVANCED ANALYTICS TO BE A MARKET LEADER IN FRAUD, WASTE AND ABUSE SERVICES

Fast Company, the world's leading business publication, ranked Prime Therapeutics #2 in the health category of its prestigious list of Most Innovative Companies.*

Fraud, waste and abuse (FWA) can occur anywhere within the health care system. Fraud losses account for at least 3% of the nation's overall health care spending each year. The National Health Care Anti-Fraud Association estimates annual losses at \$114 billion nationally.¹

Prime's FWA program includes processes designed to detect and prevent fraud, waste and abuse across the entire drug prescribing continuum — from prescriber to pharmacy to members. Our FWA product is applicable to all in-network pharmacies, including retail, mail and specialty. Prime's FWA suite of products sets the standard. Many pharmacy benefit managers (PBMs) offer pharmacy fraud products — but only Prime can extend payers' protection to cover member and prescriber fraud as well using advanced member and prescriber fraud analytics.

Regardless of the scheme, or the medication, Prime looks out for clients by investigating the pharmacies, prescribers and members who add waste and cost to the system.

\$642
MILLION
SAVED THROUGH
AUDITS AND
INVESTIGATIONS
IN 2019 AND 2020

*Fast Company's list of 2020 Most Innovative Companies



ADVANCED FWA ANALYTICS ENGINE INCLUDES:

-  Anomaly detection
-  Automated business rules
-  Predictive modeling
-  Database searches
-  Network analytics

2020 ADVANCED FWA RETURN ON INVESTMENT:

8:1

ACROSS PRIME'S BOOK OF BUSINESS

Prime's Advanced FWA product begins before a prescription is ever written, before it is ever filled.

PRIME'S LEGACY OF INTEGRATION: Traditionally, pharmacy benefit managers (PBMs) focus on FWA investigations using just pharmacy claims. Health plans investigate using medical claims. That leaves a gap. Prime understands that pharmacy and medical data fit together. When you look at one without the other, you're not seeing the whole picture.

Prime brings it all together.

Because of our unique relationship with our Blue Plan clients, we have access to medical claims data. And we understand how medical and pharmacy drug claims work together.

Prime merges this integrated data with advanced analytics. This is the key to long-term FWA impact and success. Prime's Advanced FWA product uses member and physician investigations to look for prescription drug fraud.

The Advanced FWA product complements Prime's overall FWA program by data mining using SAS-advanced fraud analytics to spot fraud and alert our team who swiftly investigates. Our relationship with Blue Plans positions us to leverage medical and pharmacy data to identify emerging fraud so appropriate actions can be taken to mitigate risks.

Prime recognizes that emerging, new and existing specialty drugs play an increasingly important role in healthy patient outcomes. These benefits come with high costs. Prime's FWA product reduces risk and audit errors for high cost specialty drugs, as well as traditional drugs, while overseeing that pharmacies maintain best practices for member safety.



PREVENTION PROGRAM ELEMENTS INCLUDE:

- NetResults™
- Utilization management
- Pharmacy credentialing
- Prescriber education
- Pharmacy terminations

Clinical programs and formulary design play a big role in managing and preventing waste

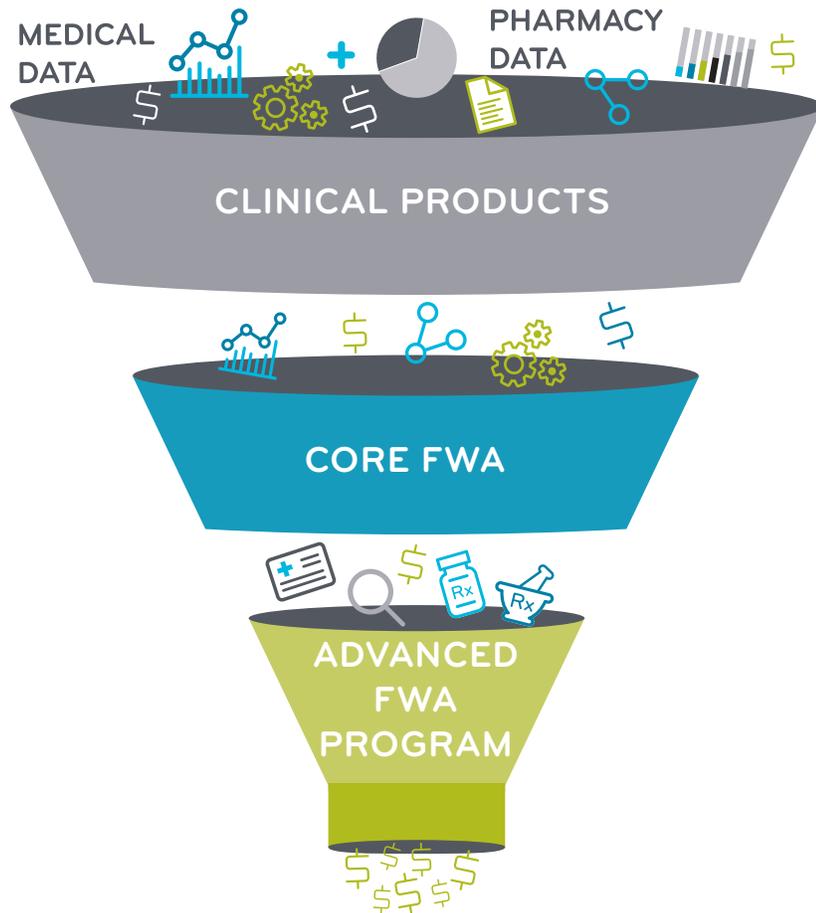
Clinical programs and formulary design act as a first line of defense to filter out, identify and remove most forms of FWA.

Clients using Prime’s preferred NetResults formulary have saved \$10 to \$14 per member per month (PMPM). This cost-saving formulary excludes high-cost brand-name and generic drugs where lower-cost alternatives are available. As a total drug management company, we manage the total cost of care. And that’s preventing waste. Utilization management (UM) does a lot to reduce waste in the system.

UM addresses inappropriate use and high drug costs through:

- Prior authorization
- Step therapy
- Quantity limits

Since 2018, Prime’s FWA program has garnered more than \$640 million in additional savings for Prime clients. This includes more than \$100 million in FWA recoveries provided back to clients and over \$535 million in avoided costs. In 2020 alone, Prime’s FWA program saved Prime’s health plan clients \$285 million.



Credentialed pharmacies must meet Prime's highest standards

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Some major cities experience higher levels of health care fraud, as identified by a federal fraud initiative.² Pharmacies in those areas are asked to complete an additional pre-credentialing process.

All pharmacies go through re-credentialing every three years.

Prime goes above and beyond normal PBM activity to look for pharmacies that might be a problem. Our team scours LexisNexis (a leading decision-making tool that uses public and industry information to highlight risk) and digs into past documentation. By using Google Maps' satellite pictures, Prime has uncovered pharmacy locations that are actually vacant lots, storage facilities and industrial parks.

SanctionsBase is a powerful, online search engine for disbarred pharmacy personnel

We use SanctionsBase, which combs through more than 960 websites for the names of pharmacies and pharmacists that are unable to do business with the U.S. government. This goes far beyond the Office of Inspector General's List of Excluded Individuals/Entities that all PBMs use. If a pharmacy or pharmacist can't do business with the U.S. government, they can't do business with Prime.

Major cities having high rates of health care fraud²





Embracing advanced analytics for fraud, waste and abuse: The better way forward

No matter what the scheme looks like, or which medicines are involved, Prime can investigate bad-acting pharmacies, prescribers and members who add waste and cost to the system.

When an advanced analytics approach is used, finding one or two instances of fraud can lead to the discovery of emerging fraud trends. Then Prime can apply process changes to stop those trends from spreading.

Advanced FWA analytics uses medical and pharmacy data to:

- Analyze data for thousands of potential scenarios
- Identify potential fraud among members, prescribers and pharmacies
- Leverage predictive risk scores to anticipate future bad actors
- Prepare documentation for cases being investigated by Prime in collaboration with clients

Referral sources can come from anywhere

Hotline tips come from any number of channels, including clients, internal personnel, industry connections and other concerned parties.

FWA analytics connect the dots

A claim might not be wrong, but that doesn't make it right. Our sophisticated analytics look for thousands of known patterns and outliers. Early identification of pharmacy fraud reduces losses, thereby enhancing cost savings.

Pharmacy audits are a part of doing business

Prime processes more than 270 million claims a year, so monitoring the activity of retail, mail-order and specialty pharmacies is routine. Prime's pharmacy audit program consists of daily and historical claim audits and regular reporting. These programs help ensure that FWA is minimized and pharmacy dollars are spent wisely.

Pharmacy investigations

Pharmacy fraud investigations are conducted in collaboration with clients. Our predictive analytics model uses integrated medical and pharmacy data to detect pharmacy fraud early. Prime acts swiftly to remediate FWA. We provide the client with a referral that can be used for reporting.





Prime's holistic approach resolves identified FWA and can help prevent future occurrences

Prime's FWA team partners with health plan clients to determine the best remediation path for each specific FWA scenario.

Pharmacy disciplinary actions include education, claim correction, financial recovery, network termination and more.

The core of Prime's pharmacy audit program is its **education and outreach**. This includes:

- Periodic "Audit Advisor" fax blasts
- "From the Auditor's Desk" articles in *Prime Perspective* newsletters
- One-on-one education during audits
- Presentations at pharmacy-community events
- Claim level education through audit communications and reports

Prime explores multiple avenues in **financial recovery**. These include:

- Payment suspension to the pharmacy
- Claim adjustments
- Offsets to future payments
- Using a collection agency

Prime returns 100% of all recovered funds to clients. In addition, Prime works with pharmacy chains and PSOs to drive improvements in billing trends and to recoup pharmacy overpayments.

Prime acts swiftly to **terminate** pharmacies from our network once fraud is substantiated. Prime provides **external reporting** to licensing agencies and regulators, as needed. When Prime prepares a file for fraud referral, it can be turned over to **law enforcement**. Law enforcement can investigate more and decide whether to pursue a criminal case. Prime will testify, as needed.

PRIME RETURNS

100%

OF ALL RECOVERED
FUNDS TO CLIENTS



Prevention is part of the equation that helps make sure that members are receiving cost-effective drugs with valid prescriptions from trustworthy prescribers and pharmacies.



**2020 ADVANCED FWA
RETURN ON INVESTMENT:**

8:1

**ACROSS PRIME'S
BOOK OF BUSINESS**

Prime's also offers an award-winning, first-of-its-kind Advanced FWA Program.

The Advanced FWA Product expands Prime's research and investigative services to detect potentially fraudulent, wasteful or drug-seeking behaviors among individual members and prescribers.

What's the difference between Prime's core FWA product and the Advanced FWA product?

Prime's core FWA product focuses on pharmacy risk mitigation services including analytics, audit, investigations and consulting.

Our Advanced FWA product uses integrated data and industry-leading analytics to identify member and prescriber cases for our investigators. We also work with clients to define remediation actions, and consult with members and prescribers.

Prime developed its Advanced FWA program to catch more FWA

Prime's relationships with our Blue Plan owner clients puts us in a unique position. We have access to medical claims. We know how to integrate medical and pharmacy claims and see the big picture.

Prime's advanced analytics leverages integrated medical and pharmacy data to analyze thousands of potential FWA scenarios. This might be potential fraud committed by members, prescribers and pharmacies. Prime incorporates proprietary artificial intelligence from SAS in this hybrid approach.

The system produces a list of high-value leads, ranked with risk scores. The risk scores identify outliers and potential fraud, and can also anticipate future risk, based on predictive modeling. Using risk scores to rank leads helps investigators prioritize assignments.



PHARMACY SCHEMES

- Telemedicine
- Claim phishing
- Auto-shipping diabetic supplies
- High rate of reversal/rejections
- Duplicate billing through pharmacy/medical benefits
- False claims
- Phantom pharmacies

Industry-leading advanced analytics use integrated data to spot more fraud

Prime has invested in best-in-class fraud analytics. Our integrated medical and pharmacy claim files give us millions of data points about members, prescribers and pharmacies. To that, SAS integrates millions more data points from other sources for richer findings. Thousands of outlier scenarios use artificial intelligence to detect potential FWA. These sophisticated data analyses help Prime provide an even stronger defense against FWA.

The artificial intelligence within the FWA product produces a continual flow of high-value leads. Cases are assigned based on risk scores.

Prime’s special investigations unit (SIU) has experienced professionals. They come from backgrounds including health plan SIU, law enforcement, nursing, pharmacy audit and data science. We work collaboratively with our clients. We obtain and review evidence, working closely and sharing data with our plans. We provide our clients with the findings they need to take action. We provide an actionable investigation referral. This level of consultation is unmatched in the industry.

ILLUSTRATION OF DATABASE OUTPUT SHOWING RISK SCORE

Provider name	Alert type	Scores	Max potential loss	Provider/Provider violation
SMITH, JOHN. M.D.	PRESCRIBING PROVIDER	100	\$265,976	16 provider violations 4 claim violations 19 claim line scenario violations
JONES, BOB, M.D.	PRESCRIBING PROVIDER	99	\$87,945	30 provider violations 2 claim violations 3 claim line scenario violations



Advanced analytics in action: Sample member case using risk scoring

FLAG	<ul style="list-style-type: none"> • 61 opioid prescriptions from 30 prescribers in 18 months • 20 different pharmacies used • Visited emergency room 19 times for pain complaints
EVIDENCE	<ul style="list-style-type: none"> • Prescribers unaware member was receiving opioids orders from others • Visited dentists to obtain opioids but no follow-up • Previously convicted for forging prescriptions
OUTCOME	<ul style="list-style-type: none"> • Confirmed drug-seeking behavior • Referred case to plan for action • Over \$200,000 referred to plan



MEMBER SCHEMES

- Taking opioids while going to treatment
- Doctor/pharmacy shopping
- Prescribing for self or family members
- Multiple urgent care/ER visits
- Collusion with pharmacy/prescriber
- Drug stockpiling

Links analysis is part of the FWA product

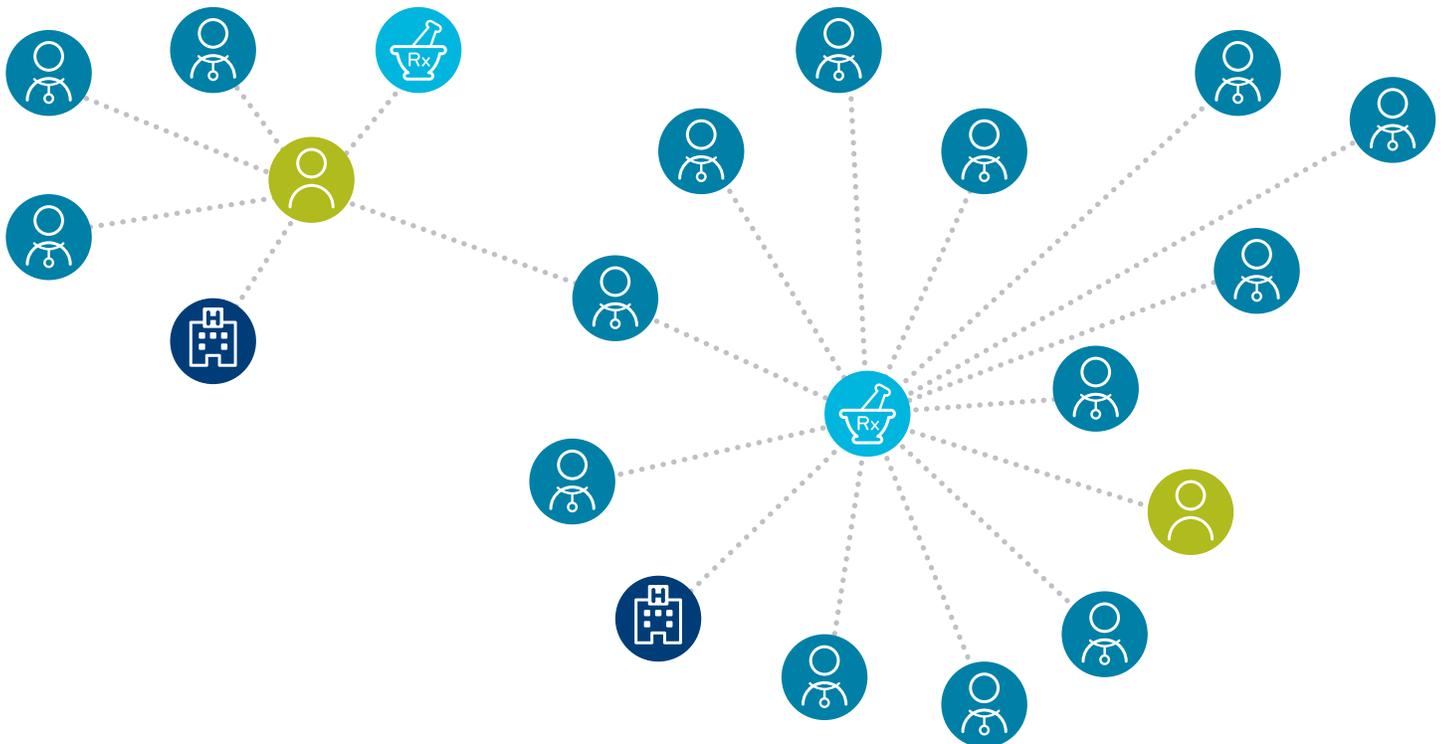
Links analysis can help illustrate the links inherent in widespread fraud.

This visual use of advanced analytics can identify atypical data patterns indicating potential fraud. We are able to quickly see the connections between prescribers and pharmacies that have been identified as fraudulent. Before, this type of connection research could take dozens, even hundreds, of hours.

If a pharmacy is terminated, that owner may open another pharmacy. This system will track the movements of that owner and flag any anomalous new transactions.

If a member is filling multiple prescriptions for controlled substances, this system maps the pharmacies the member is consistently using. And it shows which prescribers are involved.

Wherever an initial fraud is first detected, a links analysis can help identify the rest of the nodes of the crime.





PRESCRIBER SCHEMES

- “Pill mill”
- Excessive or unnecessary services rendered
- Prescribing for self or family members
- Inappropriate prior authorization request
- Kickbacks
- Member steering

Investigation prescriber fraud in the FWA product

Prescriber fraud occurs when a prescriber provides false information to gain an unauthorized benefit. The benefit may be paid by the member or pharmacy through kickbacks or return of prescription drugs to feed their own addiction. If the database has provided leads for potential prescriber fraud, investigators look for:

- Invalid patient/prescriber relationships
- Kickbacks received for prescribing medications
- Member funneling
- Overprescribing
- False diagnosis
- Stolen identity of the member
- Collusion with the pharmacy or member to receive unnecessary services
- Submitting duplicate claims

They review and document medical and pharmacy claims, verify member information and prescriptions, conduct pharmacy outreach and more.

When the investigation is complete, our investigators meet with their health plan contacts to discuss the case and determine remediation actions. At this point, the case moves to a clinical assessment phase. The investigators build a case file, with a goal of generating actionable investigation referrals.

CMS Chapter 9 Prescription Drug Benefit Guidelines provide clear guidelines on referring suspected or detected cases of illegal drug activity. Prime’s SIU will provide the plan with the findings needed to take action on the cases we investigate.

Advanced analytics in action: Sample prescriber case



FLAG	<ul style="list-style-type: none"> • 92% of pharmacy costs associated with prescriber were for high-cost, low-value products • Only one pharmacy used for 92% of claims • No medical claims
EVIDENCE	<ul style="list-style-type: none"> • Members solicited by unidentified caller • Members denied knowing or seeing prescriber • Prescriber confirmed no patient contact; paid \$3,000 per month • Prescriber cannot alter pre-printed order form
OUTCOME	<ul style="list-style-type: none"> • Referred to plan for action against physician; more than \$700,000 of recoverable claims referred over to plan • After receiving education on the scheme, claims associated with prescriber dropped from \$741,000 to \$3,000 in six months



INITIATIVES TO COMBAT THE OPIOID CRISIS INCLUDE:

- Data analytics
- Monitoring
- Industry surveillance
- FWA hotline
- Investigations
- Prescriber outreach
- Member interviews
- Medical records
- Licensing reporting
- Network termination
- Fraud referral
- Law enforcement
- Prescriber reject list

AN AVERAGE SAVINGS OF

\$74

IN MEDICAL CLAIMS FOR EVERY \$1 IN CONTROLLED SUBSTANCE PHARMACY CLAIMS

FWA and the opioid epidemic

The COVID-19 pandemic has tragically created a steep rise in opioid deaths nationwide. After seeing the opioid death rate slow in 2017–18,³ it rose sharply in 2020 to an all-time high of 81,000.⁴

The opioid epidemic gets a lift when people “doctor shop” to get more medicines than appropriate by seeing multiple doctors. It also spreads when pharmacies or patients create or alter prescription orders or when doctors overprescribe drugs beyond what is safe for the patient. This can have potentially deadly results.

Prime’s FWA team works to support national efforts in managing the opioid crisis. They save lives through the investigation of pill mills and fraudulent prescriptions. The team can also shine a light on those at the highest risk for abuse. The team has substantiated hundreds of opioid cases, leading to prevention and corrective actions to help curb the opioid epidemic.

Collectively, members looking to illegally get prescription opioids have created the national health crisis. A single fraudulent act of changing a prescription amount may only involve just a few hundred dollars. That could be easily overlooked by an insurer or PBM.

Advanced analytics changes the playing field, seeing big fraud and little fraud. For example, Prime’s anti-fraud platform can red-flag a prescriber who has written an inordinate number of opioid prescriptions, or a plan member who has seen 10 doctors in two weeks and filed 20 opioid claims in that same period. Appropriately alerted, human investigators can dig deeper and instigate action.

Our deep understanding of medical and pharmacy claims gives us a competitive advantage in fighting FWA in the opioid epidemic. Authorities find it very valuable that we can provide solid, visual evidence, coach them on understanding difficult payer concepts, and help them build multi-state coalitions with our Blue Plan clients.

With client approval for identified members, Prime can administer an FWA lock-in. This limits the member to a single pharmacy and a single prescriber (who agrees to the arrangement). This provides an actionable outcome to member fraud cases and is included as part of the advanced FWA product.



Telemedicine case study: Prescriber investigation

<p>FLAG</p>	<ul style="list-style-type: none"> • Dramatic spike in prescriber’s pharmacy utilization • 99% of pharmacy claims for high-cost low value products • 99% of members had no medical claims • 77% of prescriber’s pharmacy claims associated to one pharmacy
<p>EVIDENCE</p>	<ul style="list-style-type: none"> • Members solicited by unidentified caller • Members denied knowing or seeing prescriber • Members denied knowledge of pharmacy • Members denied receiving any prescriptions billed to their pharmacy benefit
<p>OUTCOME</p>	<ul style="list-style-type: none"> • \$790K referred to impacted clients • Reported to Board of Medicine and IMEDIC • Prescriber reject edit placed resulting in 225 rejected claims resulting in \$248K savings



Drug seeking and abuse of benefits: Member case study

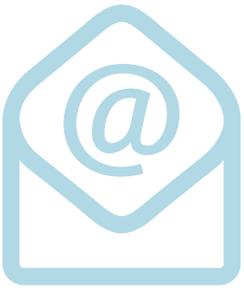
<p>FLAG</p>	<ul style="list-style-type: none"> • 25 opioid prescriptions received from 11 providers filled at 9 pharmacies • 11 muscle relaxer prescriptions from 6 providers filled at 3 pharmacies • 56 ER visits received 72 pain injections
<p>EVIDENCE</p>	<ul style="list-style-type: none"> • Primary prescriber contacted by ER prescriber following ER visit requesting prescriptions • Prescriber having member sign pain contract • Prescriber flagged member as drug seeker • Secondary prescriber unaware of other prescribers
<p>OUTCOME</p>	<ul style="list-style-type: none"> • Confirmed drug seeking behavior • Clinical assessment complete and member locked-in • Over \$106K referred to plan



If you suspect Fraud, Waste or Abuse (FWA) by a member, prescriber, pharmacy or anyone else, notify Prime at:

Phone: 800.731.3269

Email: FraudTipHotline@PrimeTherapeutics.com



FOR MORE INFORMATION

VISIT WWW.PRIMETHERAPEUTICS.COM



REFERENCES

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- 3 <https://www.cdc.gov/media/releases/2020/p0318-data-show-changes-overdose-deaths.html>
- 4 <https://www.cdc.gov/media/releases/2020/p1218-overdose-deaths-covid-19.html>