

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.

*Fast Company's list of 2020 Most Innovative Companies

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



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

PREVENTION PROGRAM ELEMENTS INCLUDE:

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

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.

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.



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

AN AVERAGE SAVINGS OF

\$74

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

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 RETURNS

100%

OF ALL RECOVERED FUNDS TO CLIENTS

Prime returns 100% of all recovered funds to clients. In addition, Prime works with pharmacy chains and PSAsOs 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.

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

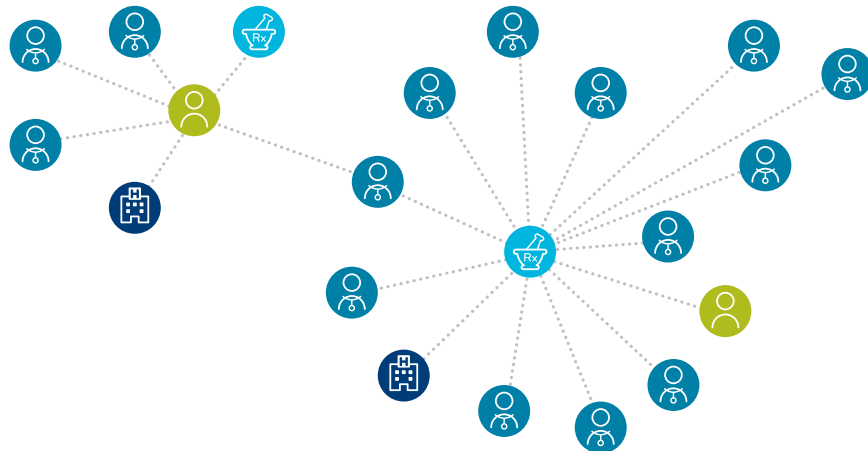
Prime has invested in best-in-class fraud analytics. Our integrated medical and pharmacy claim files give us millions of data points about members, prescribers and pharmacies. To that, SAS integrates millions more data points from other sources for richer findings. Thousands of outlier scenarios use 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.

LINKS ANALYSIS

Advanced analytics produce visual displays of data patterns that can indicate potential fraud.



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.



PRESCRIBER SCHEMES

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

INITIATIVES TO COMBAT THE OPIOID CRISIS INCLUDE

- Prescriber outreach
- Member interviews
- Medical records
- Licensing reporting
- Network termination
- Fraud referral
- Law enforcement
- Prescriber reject list

Investigating 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.

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

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.

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.



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



Drug seeking and abuse of benefits: Member case study

FLAG	<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
EVIDENCE	<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
OUTCOME	<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



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>