

Medicare Part D Fraud and Awareness



What is Medicare Part D?



- Medicare Part D is a federal program that subsidizes the cost of prescription drugs for Medicare beneficiaries in the United States. It was enacted as part of the Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA) and went into effect on January 1, 2006.
- Medicare is the federal government's health insurance program for people who are age 65 or older and certain disabled individuals. There are four parts available under Medicare, including Medicare Part D coverage.

What is Medicare Part D?



- Medicare prescription drug coverage is insurance that covers brand-name and generic prescription drugs at participating pharmacies in your area.
- Medicare prescription drug coverage provides protection for people who have very high drug costs or could have unexpected prescription drug bills in the future.

Who is eligible for Medicare Part D?



- Everyone with Medicare is eligible for this coverage, regardless of income and resources, health status, or current prescription expenses.
- CDPHP offers individual Medicare PPO and HMO plans that provide Medicare Part D coverage in addition to medical coverage (Part C). Employers may elect to provide Medicare Part D coverage to their retirees as well.

Where the Risk Exists for Medicare Part D Fraud, Waste, and Abuse

- Plan sponsors
- PBMs (pharmacy benefit managers), e.g., Caremark
- Pharmacies
- Prescribers
- Members/Medicare beneficiaries



Examples of Medicare Part D Plan Sponsor Fraud, Waste, and Abuse

- Intentionally failing to provide medically necessary services
- Marketing schemes such as offering cash as an inducement to enroll in the plan
- Unsolicited door-to-door marketing
- Requests for financial beneficiary information
- Payments for excluded drugs
- Billing several payers for the same prescription
- Inappropriate formulary decisions to save the plan money

Examples of Medicare Part D Plan Sponsor Fraud, Waste, and Abuse (cont.)



- Intentionally failing to provide a member with his/her appeal rights
- Adverse selection, e.g., illness-based denials
- Delinquent reimbursements
- Intentional inaccuracies in eligibility or coordination of benefits
- Inaccurate data submissions
- Catastrophic coverage manipulation
- Manipulation of low-income subsidy enrollees

Examples of Medicare Part D PBM Fraud, Waste, and Abuse



- Prescription drug switching
- Receiving remuneration to steer a member toward a certain plan or drug
- Formulary decisions where cost takes precedence over clinical efficacy
- Prescription drug splitting or shorting
- Failure to offer negotiated prices



Examples of Medicare Part D Pharmacy Fraud, Waste, and Abuse

- Prescription drug shorting
- Prescription refill errors
- Forging or altering prescriptions
- Dispensing expired or adulterated prescription drugs
- Inappropriate billing practices, such as:
 - Incorrectly billing secondary payers
 - Billing for nonexistent prescriptions
 - Billing for brand-name when generics are dispensed
 - Prescription splitting to receive additional fees



Examples of Medicare Part D Prescriber Fraud, Waste, and Abuse

- Prescriber is offered, paid, solicits, or receives unlawful remuneration to prescribe certain meds
- Script mills
- Falsification of records to justify coverage
- Prescriber's DEA number or prescription pads are stolen



Examples of Medicare Part D Member Fraud, Waste, and Abuse

- Using insurance to obtain prescriptions for others
- Selling prescriptions
- Unusual activity or a higher than normal percentage of Part D EOBs

CDPHP Special Investigative Unit's Responsibilities in regards to Fraud, Waste, and Abuse

- Reduce or eliminate prescription drug costs due to fraud, waste, and abuse.
- Prevent illegal activities.
- Identify and recommend providers for exclusion, including physicians, pharmacists, and PBMs who have defrauded or abused the system.
- Refer potential cases of illegal drug activity, including drug diversion, to the MEDIC and/or law enforcement, and conduct case development.

Special Investigations Unit and Medicare Part D



If you discover potential fraud in the Medicare Part D program, notify the special investigations unit.

Provide as much information as possible, such as:

- Nature of allegation
- Timeframe of allegation
- Provider contact information
- Date of service
- Type of service
- Place of service
- Beneficiary contact information

What is Your Responsibility?

- You never know what you may come across. We receive tips from members, providers, employees, and law enforcement, to list a few.
- You may notice that a prescription was billed to the wrong member, or a member may call to say that he or she wanted generic medication but received brand-name instead.
- Federal regulations require CDPHP to investigate any suspicious activity and to document our actions. Therefore, if you suspect something is not right, you should notify SIU through the hotline, or e-mailing.

SIU Contact Information



Fraud hotline: 1-800-280-6885

Fraud email: specialinvestigationsunit@cdphp.com