

Pharmacy Fraud, Waste and Abuse

In recent years public and private sector organizations have implemented aggressive pharmacy fraud, waste, and abuse (FWA) programs and have reaped significant cost savings. The TRICARE Management Activity (TMA) operates a comprehensive Program Integrity (PI) Office, with most operations based in its Aurora, CO, location. This multi-pronged, anti-fraud strategy involves TRICARE contractors, other federal agencies (including law enforcement agencies), and internal government and contract staff. The PI Office has assisted in the successful prosecution of fraudulent claims activity for a number of years, and convenes annual conferences to coordinate activities with parties in both the direct care and purchased care arenas.

In August 2007, the IIP Board of Directors approved the Prescription Drug Fraud, Waste and Abuse Initiative Plan. The plan recommended launching a new program to utilize market-leading vendor solutions to enhance current efforts that identify, recover, and prevent inappropriate Military Health System (MHS) outlays associated with prescription drug FWA in retail and mail order channels. Its preliminary elements included establishment of a performance-based vendor contract, performance of retrospective audits, and close coordination with the PI Office on efforts already underway. With an expected total investment of \$16 million over three years, the program is projected to achieve a return on investment of more than three to one. This figure is based on FWA recoveries in the private sector of approximately 1-3 percent of total pharmacy costs.

Fraud: an intentional act by an individual or an organization to deceive or misrepresent which results in an unauthorized benefit to the individual, organization, or some other person.

Waste: intentional or unintentional over-utilization or misuse of resources that this not necessarily illegal

Abuse: actions inconsistent with acceptable business, fiscal or medical practices that result in unnecessary costs to the program though reimbursement for medically unnecessary services, services that do not meet acceptable healthcare standards, and/or unacceptable beneficiary practices

The first element of the initiative involved staff augmentation and two full-time equivalents were hired during the summer of 2008 in order to meet the expanding PI Office workload.

The next element was a Request for Proposals (RFP), which was published in October 2009. The Question and Answer period continues through January 2010.