



MORGAN
HEALTHCARE AUDITS, LLC

Pharmacy Audit Program

www.healthcareaudits.com

A well thought out and executed pharmacy audit program can recover and save up to 20% of RX Spend.

In the past year, recoveries from on site audits averaged over \$20,000 per pharmacy when Morgan Healthcare Audits used claims data for analysis and targeting.

When tracking post audit savings geographically, we were able to show a up to a 30% decrease in Rx Spend in pharmacies within a 30 mile radius of the audited pharmacies. We refer to this as the “Sentinel Effect.”

This partial list of auditable items will result in a 10 to 15% reduction of Rx Spend

- 1. Invalid Physicians**
- 2. Rx Splitting**
- 3. False Claims Submission**
- 4. Refill past Authorized Refills**
- 5. Dispensing Errors**
- 6. Prescriptions not on File**
- 7. No signature in signature log**
 - Rx never picked up or reversed from system**
- 8. Telephone Orders NOT reduced to writing**
- 9. Updating old written prescriptions with new numbers without MD approval**
- 10. Drug Diversion and Collusion Schemes**

Typical Pharmacy Findings 1 YEAR of Claims used for Targeting

Group	Finding	# Rx's	Total Dollars Recovery
1	Wrong Drug and/or Strength	6	\$ 719.94
2	Fraudulent Telephone Orders	6	\$ 1,656.19
3	Filling Unauthorized Refills	2	\$ 5,030.40
4	Split Prescriptions	6	\$ 5,645.12
5	Prescription Not on File	2	\$ 540.79
6	Fictitious Physician	9	\$ 7,168.93
7	Invalid DEA on Controlled Drug	1	\$ 5.73
8	Hard Copies Altered No Signature in Log	3	\$ 6,271.57
9	R.Ph Error Wrong MD DEA Correct on Rx	2	\$ 179.92
10	Invalid DEA Submitted as Physician ID	4	\$ 2,659.78
11	DEA Number and MD Name DONOT Match	14	\$ 3,771.17

Total Claims	4,278
Total Dollars Billed to Client	\$ 238,885.83
Percent Recovery	14.09%

55

\$ 33,649.54

Relevant Experience

Our Government clients include:

Department of Justice (DOJ)
Drug Enforcement Agency (DEA)
The Federal Bureau of Investigation (FBI)
Medicare PART D as a MEDIC
Pennsylvania (PA) Office of Attorney General
Pennsylvania Bureau of Narcotics and Dangerous Drugs
Pennsylvania Medicaid Fraud Control Unit
Food and Drug Administration (FDA)
Center for Medicare & Medicaid Services (CMS)
New York State Frauds Bureau
New York State Insurance Department
New York State Office of Attorney General

Private Industry Associate and Key Client List:

1199 SEIU National Benefit & Pension Funds
Fidelity Insurance Group
American Express
Ingersoll Rand
Healthguard
Foot Locker
Honeywell
Goodyear
Alcatel
RxWest
Unisys
SEPTA
EBRX
Centene/UHP
Centene/MHA
Boies, Schiller & Flexner LLP
Milberg Weiss and Associates
State Wide School Cooperative Health Plan

- **Data Collection and Formatting**
- **IT and Pharmacy Data Integrity Checking**
- **Paid Claim Data Benchmarking**
- **Review and Understanding of State Law and Plan Specifications**
- **Analysis and Targeting of Pharmacies and Claims**
- **On site Pharmacy Audits**
- **Desk Audits**
- **Compilation of data for reporting**
- **Civil Settlement (or Criminal Referral)**
- **Morgan Healthcare Audits LLC uses specially designed methodologies to rapidly convert raw claims data into formats that allow us to become familiar with the billing practices of any provider.**

- **Our experts analyze information to identify aberrant billing patterns that raise “red flags” to signal when fraud and abuse is being committed.**
- **After a thorough analysis of geographic patterns, a myriad of schemes may reveal unscrupulous billing practices such as billing for:**

Services not rendered

Prescriptions reflecting greater quantities than were prescribed

**Targeted medications in quantities in excess of those purchased
inventory**

Returned medications not credited

Refills which were never picked up and/or resold again

Multiple dispensing fees for “split” prescriptions

Unauthorized quantities

Brand versus generic

Specific drugs for pharmacist or prescriber kickback or incentive

Morgan Healthcare Audits LLC maintains current Drug Files with pricing history dating back to 1995 along with nearly \$100,000 in auxiliary files used in PBM and Pharmacy Audits.

MHA has developed computer models for use on Pharmacy and PBM audits, duplicating

- **Contract terms**
- **MAC Lists**
- **Formulary Lists**
- **Eligibility testing**
- **Questionable Business Practices**

MHA is equipped to handle nearly all types of data files. For example, we have worked with pharmacy paid claims history files in excess of ten (10) million records. All IT processes and data remain in house with a server farm expandable as needed. Our VP of IT has extensive background in pharmacy, PBM and other drug related IT processing.

Morgan Healthcare Audits LLC has assisted the FBI and Food and Drug Administration (FDA) with computer forensic cases in which pharmacy data needed to be extracted from damaged hard drives, tape backups, and multiple levels of system security.

David Morgan, president of, Morgan Healthcare Audits LLC was a Member of Pennsylvania Governor Ed Rendell's Transition Team, working on initiatives including state PBM audits, Welfare Reform of pharmacy issues, Drug Purchasing and re importation of drugs for state programs.

Mr. Morgan is a member of the FBI Anthrax Task Force and has been acknowledged for developing methodologies for identifying and targeting illegal labs which can be used to develop Biologicals.

Mr. Morgan is also a member of the Department of Justice Task Force to identify and prosecute illegal internet pharmacy operations.

Mr. Morgan is a federally certified expert witness in the 8th, 9th and 10th United States District Courts.

Our offices are centrally located in Harrisburg, Pennsylvania where we have been an active consultant with local, state and federal law enforcement agencies.

Our Government clients include:

- **Department of Justice (DOJ)**
- **The Federal Bureau of Investigation (FBI)**
- **Drug Enforcement Agency (DEA)**
- **MEDIC for Medicare Part D**
- **Pennsylvania (PA) Office of Attorney General
Bureau of Narcotics and Dangerous Drugs
Medicaid Fraud Control Unit**
- **New York State: Frauds Bureau, Insurance Department, Queen's DA and
OAG**

Our staff has built a sound reputation with PA state officials representing the Bureau of Professional and Occupational Affairs (BPOA) (licensing board), and the Department of Public Welfare (DPW) – Bureau of Program Integrity (BPI) and Surveillance Utilization and Review System (SURS).

Morgan Healthcare Audits LLC has also teamed with the DPW and the University of Maryland Center for Drug and Public Policy (CDPP) to develop an on line query package for drug utilization which reduced Oxycontin usage in the Medicaid Program by 40% statewide.

Morgan Healthcare Audits LLC is a confidential resource for private managed care companies and government agencies tasked to maintain the integrity of healthcare insurance programs by detecting and deterring provider fraud. We are committed to identifying suspicious billing practices and eliminating wasted tax and private insurers dollars on fraudulently billed goods and services. We still maintain a 100% accuracy rate using our methodologies that target fraud, abuse and misrepresentation of goods and services, from raw data, which generally result in civil settlement and/or criminal prosecution. As a result of our comprehensive audits, clients have recovered millions of misspent program dollars. We believe that the use of private or government programs to divert health care funds from their rightful purpose is simply unacceptable.

Morgan Healthcare Audits LLC is staffed by experienced professionals with diverse backgrounds. Our staff includes registered pharmacists, former law enforcement officers and technical service representatives who maintain up to date licensing and training in their respective fields. They are trained to recognize and report business practices in violation of federal and state regulations that are applicable to nationwide licensing boards.

Morgan Healthcare Audits LLC understands that the purpose of onsite pharmacy audits will include identifying discrepancies and non compliance for recovery of improper payments in areas such as:

Missing prescriptions

Different drug billed

Brand Billed/Generic dispensed

Returned to stock prescriptions

Over billed quantities

Unauthorized quantities

Unauthorized refills

Dispense as Written compliance

Signature log

Check inventory for package size as billed

Check for current valid licenses

Morgan Healthcare Audits LLC project staff includes:

Director

Project Manager

Network Specialist

Audit Teams (usually staffed by one licensed pharmacist or nurse)

Computer Programmer (Senior Analyst)

Administrative/Help Desk

After the pharmacy audit is complete, our Project Manager prepares an accurate, Report of Audit (ROA), submitting it in a timely fashion to your audit and/or legal staff for settlement purposes or case referral. The ROA's are supported by documentation acquired during our audits.

Morgan Healthcare Audits LLC is available at your convenience to present our findings to you personally.

Morgan Healthcare Audits LLC participates in disclosure and settlement (meet and discuss) sessions.

Pharmacy audits consist of pulling and scanning targeted and probe samples of prescriptions as well as signature logs and any other pertinent documentation. The final audit report showing recoveries includes one or more of the images taken of each prescription, supporting the findings. MHA also uses digital photography to document other types of non compliance.

We use Targeted Sampling.

Targeting has proven to out perform SVRS in achieving recoveries through civil arbitration and litigation as well as gaining criminal convictions.

During the course of pharmacy auditing, it is sometimes necessary to verify prescriptions or dispensing records. We accomplish this through discrete mailings wherein physicians are asked to confirm information regarding prescribed medications and recipients are polled to confirm receipt of the medication.

Our auditors are trained to be NON CONFRONTATIONAL!

Every effort is made to not interfere with the work flow in a pharmacy. We will not distract the dispensing pharmacist, interfere with pharmacist/patient relationships and in general upset the normal routines in the pharmacy.

If a pharmacist becomes agitated or confrontational and can not be calmed verbally over a few minute period, our auditors remind the pharmacist that non compliance with audit procedures can result in loss of filling privileges for the plan.

We ask the pharmacist if it would help if we left for a short period of time then returned to complete the audit.

If these actions do not resolve the situation, we leave the site and report the events as they have occurred to the client.

The pharmacy is then designated as uncooperative. A resolution plan is developed and mediated between our client and the pharmacy.

Our analysts benchmark data geographically and are able to analyze paid claim information in various formats that will identify pharmacies with the highest dispensing/reimbursement rate, physicians who prescribe the highest number of controlled drugs and identify unusual patterns of dispensing.

This enables us to identify drug abuse or drug diversion schemes. Information is sorted by each provider type for our audit teams to use during the on site reviews.

We translate our findings into reader friendly charts and graphs to illustrate prescribing, utilization and dispensing habits.

Finally, we compare our findings with data obtained from pharmacies and physicians in geographic proximity in order to search for collusion or organized and pervasive patterns of fraud and/or diversion.

Geographic data comparisons also aid in identifying pharmacy patterns of submitting fraudulent billing on specific drugs.