

## Case Study: The Effects of Not Rewarding Bad Behavior and Rewarding Good Behavior

**Problem:** A well-known compounding pharmacy was continuously submitting expensive compound claims but at the same time, the pharmacy, located in an underserved area of Chicago, was also submitting legitimate claims. The concern was to expose and reduce the “bad” expensive compound claims while maintaining the pharmacy in the client’s network to service members. Most pharmacies that submit inappropriate claims (i.e. phantom claims or costly and unnecessary compound claims) also submit legitimate claims for members in need of their services. In classic criminological theory terms, we are attempting to establish a capable guardian over the pharmacy claims submission process and frustrate the pharmacy into legitimate rather than criminal behavior (i.e. crime doesn’t pay but positive behavior does pay).

**Solution:** After the COPs system identified the patterns of both legitimate and inappropriate claims submissions, it was determined that every expensive compound claim would be audited. A desk audit request was sent out for all large expensive compound claims but legitimate claims passed through and were paid “without hassle.” A desk audit required the pharmacy to submit extensive paperwork – copies of the prescription orders and signature logs to justify the claim.

**The Findings:** During 2014, when the program began, compounded prescriptions costs on average \$146. By auditing every compounded claim, the cost for compounds was reduced to \$87 per prescription. The frequency of compounds was also reduced from 4.3 per month to 3.5 per month (2014 to 2015). Legitimate retail claims increased as the pharmacy was less involved with compound claims and more involved with appropriately servicing members. **This increased safety to member** because ineffective (and potentially harmful) medications with ingredients like ketamine were discontinued or reduced in dispensing frequency. At the same time, the **client’s costs decreased** by almost \$60 per prescription.

In addition to increasing safety and lowering client costs, the client’s cost to intervene in this problem was minimal and the solution did not involve an onsite visit (which would have been costly and dangerous) nor did it involve legal expenses which may have resulted from the pharmacy no longer participating in the network. Once the COPs system detected the problem, planning out the “end game” of knowing what the client wanted to achieve from the onset, provided a safe, reliable and effective solution for the pharmacy, members and the health plan.