

Case Study: Northeastern Coalitional Finds FWA Despite PBM Assurances

Problem: A large coalition of union funds in the Northeastern did not realize that fraud, waste and abuse (FWA) was occurring. The Coalition's pharmacy benefit manager (PBM) had assured coalition and union fund management that it was one of the most sophisticated PBMs in monitoring FWA and "all was being taken care of" with regard to monitoring FWA in the retail pharmacy network. In fact, the PBM reported significant savings due to FWA auditing. Yet, claim costs continue to rise with no apparent reason.

Solution: PIC loaded two weeks' of claims into the COPs system. The system almost immediately spotted a cluster where almost all of one physician's claims were being directed to a large chain pharmacy. In addition to the one-on-one relationship of the physician to pharmacy claims, by bringing in social media and state medical licensing information, it was discovered that:

- The physician had been disbarred in Illinois but was practicing medicine in Connecticut.
- There were numerous "Yelp" complaints about the service provided by the physician.
- All of the family members had prescription drugs allegedly prescribed by this physician.

The Scheme: It is highly unlikely that a physician would treat all family members within a family and that all of the family members would have chronic conditions requiring prescription drugs on a monthly basis including both parents and toddler aged children. It was more likely that this physician was treating one family member and submitting phantom claims for the other family members without their knowledge (medical identity theft). Given the one-on-one pharmacy relationship, an agreement was likely made between the physician and pharmacist to share in the "reimbursement" of the phantom (submitted but not dispensed) pharmacy claims.