

Specialists in

Pharmacy Benefit Manager Audits and Contract Renewals
Chain Pharmacy Reimbursement Audits
Fraud, Waste and Abuse Programs for Medicare Part D Plan Sponsors
Pharmacy Educational Conferences
Clinical Pharmacy Consulting

Overview of Firm Services

POS is a privately owned, pharmacy benefits consulting firm for employers, union funds, government agencies and managed care organizations wanting an in-depth understanding of the most complicated and misunderstood segment of the health care delivery system

POS Overview



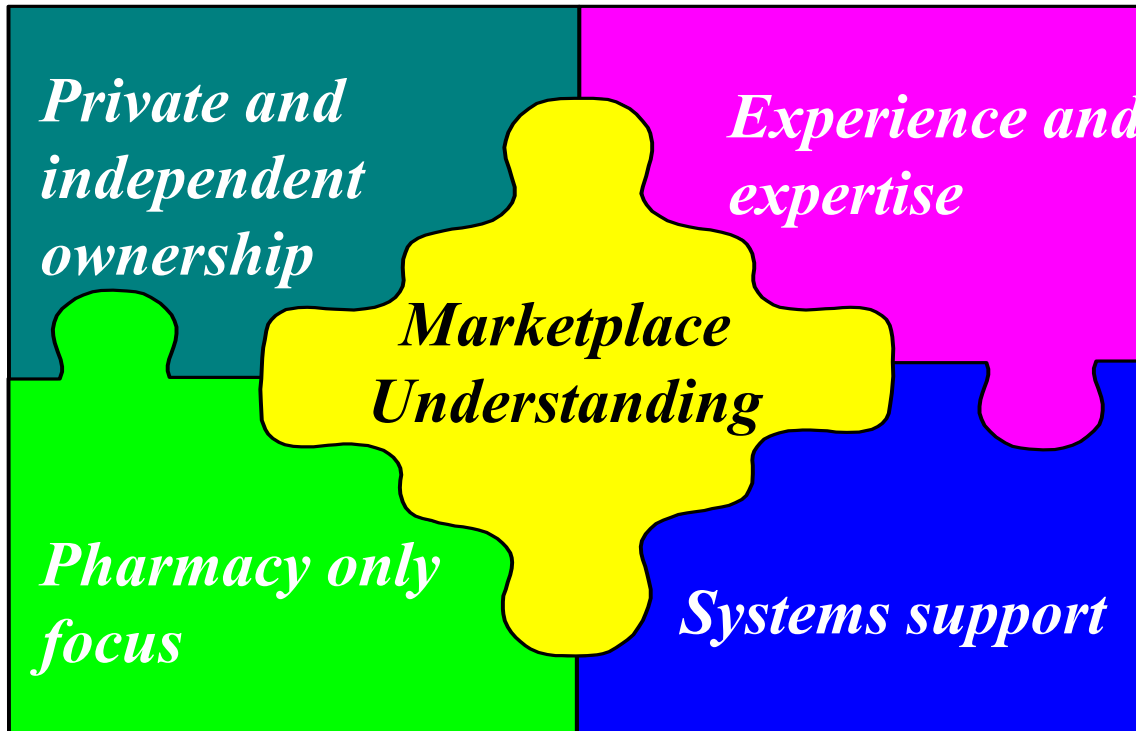
- Pharmacy Outcomes Specialists formed in September 1996
- Two key Principals with diverse pharmacy, managed care, consulting backgrounds
- Six POS employees
 - Clinical Pharmacist
 - Financial Analyst
 - 2 Pharmacy Technicians

Scope of Services

- Audits of PBMs
- RFP/contract renewals
- FWA programs
- Clinical pharmacy consulting
- Pharmacy Educational Programs
 - Pharmacy Benefits Academy



What makes POS different?



POS' Clients

Large Managed Care/
PDP's and MA-PD's

**Health Partners, Well Care, Rocky Mountain,
Peabody Energy, NEBCO, Priority Health, BC
Louisiana, BC Rhode Island, Health Plus**

Government Agencies

**State of Illinois, Department of Justice, Office
of Personnel Management, Department of
Defense**

Multi-Employer/Union
Funds

**Connecticut Coalition of Taft Hartley Funds,
IBEW 269 and 351, Plumbers Local 24.
Teamsters, IBEW 134 and 701, IUOE 138 and
132, Teamsters and Food Employers, EIT
(IBEW)**

POS' Beliefs

- POS does not envision working for PBMs or drug manufacturers
- POS staffs projects with senior practitioners to get the work completed quickly and accurately
 - Over 600 repricing audits, over 700 million claims
 - Over three dozen rebate audits
 - Dozens of RFPs
- POS listens to our clients regarding what's important to them
 - Are pharmacy benefits being processed correctly?
 - Are rebates being paid according to manufacturer contracts?
 - Are there issues unique to our clients that must be considered?

Approach to Key Projects

- Audits
- Procurement of PBM Services
- FWA Reporting and Pharmacy Auditing
- Clinical Consulting

Objectives of Audit

- Objective is to ensure discounts and benefits are processed correctly
- Rebates are passed back according to contract terms
- Prescriptions are filled accurately

Audit Process

Audit Steps

- Data Gathering/Planning Meeting
 - Pricing Accuracy Audit
 - Benefit Design Audit
- Rebate Data Audit
- Plan Design Review
- Dispensing Accuracy
- Eligibility Audit
- Report of Findings

Data Gathering

- As a first step, POS would request:
 - Contracts between client and PBM/Medical provider
 - Eligibility information (if audit is pursued)
 - Plan design information
 - Claims data
 - Billing information from PBM
 - Plan design information
 - Rebate payment reports (if audit is pursued)
 - Other information/reports

Data Gathering/Planning Meeting

- Review all information provided
 - Ensure terms are understood
 - Review plan design documentation
 - Review rebate reports, as needed
- Planning teleconference to include all interested parties

Pricing

- AWP Integrity
- Discounts off AWP
 - Retail, mail, infusion, LTC, specialty, all others
- Dispensing Fees
- U&C pricing
- Administration Fees
- MAC pricing

Plan Design

- Copays
- Exclusions
- Formulary
- Prior Authorizations
- Quantity Limits
- Refills too soon, duplicates

Optional Steps - Rebate Audit

- Test to ensure all rebates were passed back under contract terms
 - Review manufacturer contracts
 - Review invoices
 - Review allocation reports
 - Tie to client payment reports
- Typically conducted on site at PBM due to PBM requirements

Plan Design Review

- Proposal and cost benefit analysis of plan design recommendations
 - Coordinate Value Based Plan Design with case management
 - Exclude costly prescription drugs and introduce OTC coverage
 - Review limits, PA and step therapy protocols

Dispensing Accuracy

- Test prescription orders to determine if these orders are filled correctly
 - Detect for Fraud, Waste or Abuse
 - Sample of 500 retail and mail order prescriptions

Eligibility Audit

- From files provided by client, determine if PBM paid for members who are no longer eligible
- Can occur if files are loaded out of order or fail to load properly

For Medicare Part D Plans

- Compare sample of enrollees against claims history
 - Review for proper accretion to CMS
 - Review of CMS Transition Reply Report
 - Subsequent PBM actions, including overrides

MMA Benefits

- TrOOP calculations
- Benefit Levels
- Straddle Claims
- LICS claims/copays
- B versus D drugs

Data Submission

- Complete review of PDEs
 - Review to claims history
 - Test claims to PDE submissions
 - Test claims to any “true up” claims
 - P2P transfers

Report of Findings

- Draft report issued to client
- Draft sent to PBM for comments incorporated into final report
- Will assist as long as needed for recovery process

Objectives of a RFP Procurement Project

- Ensure that objectives and services of Plan are met by the new/existing PBM
- Ensure pricing terms reflect market conditions
- Align PBM objectives with client objectives
 - Transparency or Traditional
 - Accountability
 - Pass Through Pricing

PBM Procurement Projects

- Project begins with same data gathering process
 - Current PBM client
 - Claims data for re-pricing and formulary match purposes
 - Eligibility information for network match
 - Plan design

Draft of Contract and Services Requirements

- POS has uniquely developed a contract of services for the PBM industry
- Contract with description of services are sent to client for review
- Once consensus has been reached, sent to selected PBMs

Review of Responses

- Contract terms are “redlined” for any deviations and must be signed by an officer of the PBM
- All financial terms are repriced for an apples to apples comparison
 - MAC lists must be provided
 - Rebate schedule by brand drug must be provided

Report to Client

- Report is reviewed with client
 - Contract term deviations
 - Pricing Terms and repricing results
 - Three finalist are recommended

On-Site Finalists Presentations

- Finalists are requested to present services and are asked questions about responses/red lined contract and financial terms
- Finalist selected and implementation begins immediately

Dispensing Accuracy

- FWA leads to:
 - Medication errors
 - Dispensing errors
 - Compliance and abuse
 - Missed savings opportunities
 - Financial waste
- Our process has a 1:3 return on savings given correct contract terms
- Don't rely on your PBM to **MONITOR AND POLICE** the network it owns and contracts with

FWA Reporting

- Series of reports (over 30) to capture FWA with pharmacies, PBM, patients and physicians
- Desk Audits
- Onsite Audits

Pharmacy Educational Services

- The Pharmacy Benefits Academy is a jointly run endeavor with the Midwest Business Group on Health
 - Aimed at new or returning HR professionals who want a comprehensive tool kit to manage prescription drugs and second day focus is complex issues for seasoned veterans and pharmacists
 - Held annually in Chicago and in 2009 in various locations (east, west, Midwest)

Clinical Consulting

- Pharmacists and pharmacy technicians available to answer questions like:
 - Why do I want this drug on my formulary?
 - Are there alternative drugs for my members?
 - How does pharmacy pricing work?
 - What are the overall financial and pharmaceutical trends?
 - How do PBMs work and make money?
 - What clinical programs can help my members/employees be healthier?
 - Should I really reduce my copays and what is Value Based Benefit Design?

Timing and Consulting Fees

- Audits and RFP procurement can take 3 to 4 months
- FWA is an ongoing process
- Fees are based on hours to complete the project, which are capped, and customized by client and project

Conclusions

- Pharmacy Outcomes Specialists is a leader in pharmacy consulting
- Pharmacy Outcomes Specialists has been in business a long time – 12 years – with an impressive list of clients and projects
- Pharmacy Outcomes Specialists provides an alternative to consulting firms that have relationships to PBMs or the medical community