

Case Study

Pharmacy Claim Audit: Municipality

The municipality experienced costly discrepancies with the third-party management of its prescription drug plan.

Our ClaimInsight proprietary software system identified various problems, resulting in an overall refund to the municipality of almost half a million dollars.



A municipality in Texas was having issues and discrepancies on several key areas of their plan. The municipality decided to perform a full two-year claim audit of their prescription drug plan.

They retained us to conduct the audit. The objective was to review the Pharmacy Benefit Manager's (PBM) compliance with the plan as described in the contract between our client and the PBM, all contract modifications applicable to the audit period, and other source documents provided throughout the project.

An Insightful Solution

Through data analysis and the application of our proprietary software, ClaimInsight, we reviewed 100% of the pharmacy claims data for the audit period. Noted exceptions, which are potential errors, were addressed through an exception resolution process with the PBM. In order to avoid the production of "false positive" claim exceptions, we filtered all claim data to establish a data set of core claims for testing purposes. This process enabled the resolution of identified issues and led to the final corrective action recommendations.

Real-World Results

Through our industry-leading process, we identified errors and issues with the PBM's claim pricing (discount) accuracy, co-payments, and formulary compliance. The PBM failed to meet the aggregate discount guarantees, resulting in a \$24,000 return to the client. The audit also identified 12,000+ claims for generic drugs filled at retail pharmacies that failed to pay at the lower of the Average Wholesale Price discounted and the usual and customary rate; this resulted in over \$245,000 being returned to the client and its members. Additionally, we found that co-payments were being overpaid by members, and corrective actions resulted in a return to those members of over \$38,000. Lastly, we identified 15,687 claims for non-formulary products processed as formulary. The PBM determined this was an error caused by a list ID set-up, and refunded \$190,000 to our client.

The total amount refunded to the client and its members was \$497,000.

Let's Talk

For more information on this project, contact us at **1.866.355.6647** or hrrservices@conduent.com.

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