

## ***Information for Pharmacists***

# **Background and Frequently Asked Questions - Pharmacare Audit and Investigations**

***Effective August 18, 2017***

### **Background:**

- Manitoba continually reviews and updates regulations, policies, and procedures and changes may be made to these from time to time.
- When changes are approved by the minister, Manitoba sends a communication to all Manitoba pharmacies outlining any changes. These notices should be included in your pharmacy's Drug Programs Information network (DPIN) Manual under "Section 4: Claims Submission".
- Claims that are not compliant with the effective date noted on the reimbursement procedure(s), are subject to audit and recovery.
- Please note that pharmacy software changes may be required by the pharmacy provider. This is the responsibility of the pharmacy provider.
- For example, pharmacy providers should check their software solution (e.g. Kroll), as sometimes the software automatically adds a professional fee to each transaction which may not be compliant with Manitoba reimbursement requirements.
- Manitoba may, at its option and at any time, conduct a review or audit the accounts and records of the pharmacy provider relating to any claim submitted by the pharmacy to determine whether the pharmacy has complied with the terms and conditions of the Pharmacy Agreement.
- Compliance with the Pharmacy Agreement includes receipt and approval of Schedule "A" - Confirmation of Professional Fees or Schedule "B" – Notice of Professional Fee Change as described in Section 3 Claims Submission of the Pharmacy Agreement.
- Any review or audit will be conducted by Manitoba's auditors, inspectors or representatives in accordance with Section 6.1.2 of the Pharmacy Agreement.

### **NOTES:**

- Currently accepted/approved Schedule "A" or Schedule "B" documents on file with Manitoba will continue to be recognized and capped accordingly as per the amendment to *The Prescription Drugs Payment of Benefits Regulation* effective August 18, 2017. Please see specific Claims Submission Procedures for additional information.
- Manitoba does not allow "mark-ups" – just a professional fee (also referred to as the "Usual and Customary Fee"). For pharmacies that have submitted Schedule "A" or "B" documents that include reference to a percentage (%) "mark-up" + a professional fee – the "mark-up" will be removed.

- In the case where the professional fee is noted as:

*Drug Costs over \$X – 10 % “mark-up” – this will be replaced with:*

*Drug Costs over \$X – 10% of actual acquisition cost (AAC) if, for whatever reason, the amount submitted in DPIN is less than the AAC, the amount submitted in DPIN will be used for audit purposes.*

- The following are some examples of remuneration of professional fees not compliant with established policy and subject to recovery. If any of these fees are listed on existing Schedule “A” or Schedule “B” documents – they will be eliminated:
  - Fees of a cognitive services nature and may be noted as fees for pharmacists’ time (this includes but not limited to counselling [smoking cessation, diabetes counselling, diabetes meter training, exceptionally difficult patient etc.], in-house consultations [“house-calls”], care plans, chronic and special disease state management, patient based written pharmacist opinion with references, patient assessment in medication related emergency, continued care, assessment fee for exempted codeine products, medication reviews etc.)
  - Additional fees for packaging formats such as blister packaging, pre-filled syringes, etc. – all packaging formats will be on parity with existing usual and customary professional fees
  - Additional fees for small quantities or, special order pharmaceuticals
  - Fees for “flavouring” – i.e. re-flavouring of an existing marketed product
  - Fees for the inclusion of over-the-counter medications (OTCs) in blister packaging
  - Fees for injection administration (NOTE: publicly funded vaccines to be processed as per current process/policy)
  - Fees for pharmacist prescribing including the prescription for minor ailments
  - Fees for nurse practitioner or homecare visits, family consultations or case management conference etc.
  - Fees for dose witnessing
  - Fees for manual billings
  - Fees for “other value added services”, “other clinical fees that may be charged from time to time”
  - Fees for medication reconciliation for physicians, applying for Exception Drug Status (EDS)
  - Fees for telephone/fax/e-mail communications with prescribers
  - Fees for clozapine monitoring
  - Fees for “staff, doctor, family rates”, “competitive match or competitive fee rates”, “compassionate reasons”, professional courtesy etc.
  - Fees for refusal to fill
  - Fees for medical supplies and equipment retail that includes BOTH a percentage (%) of cost, and a professional fee
  - Fees for after hour service or emergencies
  - Any fee differentials for cash paying customers

**What happens if there is a discrepancy between the Schedule “A” or “B” on file with Manitoba and the Schedule A or B being used by a pharmacy?**

- In the case of a discrepancy in the records related to Schedule “A” and /or “B” that a pharmacy has and what is on file with Manitoba. The Schedule “A” and/or “B” of record held with Manitoba will be the official information that will be referred to. This information supersedes all other records.

- It is the responsibility of the pharmacy to keep and maintain all records related to submitting the original Schedule “A” and subsequent Schedule “B”. This would include but not limited to date stamped, fax confirmation and e-mails.
- In addition, all notifications related to the approval or rejection of a Schedule should be retained by the pharmacy. In any case the copy on record with Manitoba will be the official records and supersedes all other records.

### **What is the Pharmacy Claims Audit Policy?**

- Any services, specified drugs or benefits provided by Manitoba and all claims that are adjudicated to, or reimbursed in whole or in part by any Manitoba programs are subject to audit to confirm compliance with the provisions of the Pharmacy Agreement and applicable Manitoba policies, procedures and regulations.

### **What is the purpose of the Audit Policy?**

- The purpose of the audit policy is to establish the process to confirm that the details of a claim submitted under the programs comply with the corresponding prescription on file in the pharmacy and to support overall effective operations of the programs. Prescriptions are audited by Manitoba to:
  - Verify that claims have been paid for valid prescriptions
  - Verify that the claimed item was dispensed as per the prescribers dispensing instructions
  - Ensure that claims were submitted in accordance with program policies and procedures, applicable legislation and any agreements

### **Who will be conducting the primary and comprehensive audits?**

- Audits are performed by Manitoba Audit Investigation Unit staff and appointed by the minister as a duly authorized inspector under *The Prescription Drugs Cost Assistance Act* and *The Health Services Insurance Act* for the purposes of conducting audits.

### **How will I be notified if my pharmacy will be audited?**

- Pharmacies will be sent a formal notice of an audit – identifying the type of audit that has been identified. They will be asked to schedule primary and comprehensive audits within two (2) weeks and have them completed within six (6) weeks (suggested dates and times will be provided). Once the primary or comprehensive audit has been scheduled, a notification letter confirming the auditor and audit date and time will be sent to the pharmacy. As a reminder, the pharmacy will be contacted a few days prior to the audit, to confirm the audit details.
- Manitoba will take all reasonable steps to ensure that a primary or comprehensive audit is not conducted during Pharmacare year end or during major holidays.

### **How are pharmacies selected for Audit?**

- Selection of a pharmacy for audit may be made by statistical analysis and comparison of claims data, random selection, and/or direct selection.

### **What type of Audits will be conducted?**

1. Desk Audit – this is a random or direct selection audit where pharmacies will be asked to provide copies/faxes which pertain to or substantiate the sampled claims.
2. Routine Compliant Audit – this is a random or direct selection audit to identify potential compliance issues where pharmacies will be asked to provide copies/faxes which pertain to or substantiate the sampled claims.

3. Special Purpose Audit – this audit is based on statistical analysis and comparison of data claims such as:
  - High volume claims
  - High dollar value claims
  - General data analysis (abnormal billing patterns)
  - Close proximity claims
  - Extemporaneous preparation (compounds)
4. Primary Audit – Sample sizes for this audit will be based on the volume of annual claims submitted by the pharmacy provider. Claims are randomly selected for review. This size may increase depending on the scope of the review and the sampling methodology required to test compliance with Manitoba billing procedures or policies. If significant billing issues are found, the audit proceeds to a comprehensive audit.
5. Comprehensive Audit – this audit reviews approximately double the number of primary audit claims. The size may increase depending on the scope of the review and the sampling methodology required to test compliance with Manitoba billing procedures or policies.
6. New Pharmacy Audit – this audit may be done to identify and correct billing issues at an early stage. They will be conducted at approximately 6-12 months after the pharmacy has commenced operations.
7. Closed Pharmacy Audit - this audit may be conducted after a pharmacy has closed permanently, or when there is a change of ownership or sale. Manitoba will withhold the pharmacy's last electronic fund transfer (EFT) payment until an audit is conducted of the claims submitted. Once complete, the funds will be forwarded to the pharmacy plus/minus any irregularities found.

#### **How often can I be audited?**

- Primary and Comprehensive Audits will be limited to once every two (2) years per pharmacy owner, per location. Desk audits, routine compliance audits and special purposed audits may be conducted at any time and as often as necessary to ensure compliance with Manitoba billing procedures and policies.

#### **If I am audited - how will I be notified of the audit results?**

- Manitoba prepares a Draft Audit Report for all audits it performs. A written report of the audit will be sent to the pharmacy within 60 days of the date of such an audit. The Draft Audit Report identifies:
  - The results of the audit and the methodologies used to determine the results;
  - An audit recovery amount due to Manitoba for all disallowed or overbilled claims and the methodology used to calculate the recovery (if required); and
  - Corrective action plan (if required).

#### **What happens if a pharmacy claim is disallowed?**

- If no records exist to support a claim, or the documentation supporting a claim is incomplete or insufficient, the claim will be disallowed and any amount associated with the claim will be owing to Manitoba.

#### **Can a pharmacy dispute disallowed claims identified in the draft audit report?**

- If there are findings in the report that may result in Manitoba recovering any claim, the pharmacy will have up to 30 days to submit a written response disputing any or all of such findings with information or documentation to support the disallowed claims, or additional information that may be relevant, or that may have been overlooked during the audit. Please note:
  - Information a pharmacy solicits from a prescriber or pharmacy after an audit, cannot be used to support a disallowed prescription claim.

- Pharmacy responses to Draft Audit Reports are reviewed, in all or in part, for inclusion in the Final Audit Report.

### When will I receive the Final Audit Report?

- Manitoba will send a Final Audit Report to the pharmacy within 60 days of receiving the written response from the pharmacy. Please note that results of audits may be referred to the College of Pharmacists of Manitoba (CPhM) or other regulatory bodies, if deemed appropriate.

### How do I repay a disallowed claim?

- In the event that an audit results in a recovery of paid claims, the pharmacy has up to 30 days in which to pay Manitoba the full amount of the overpayment identified by Manitoba. If the pharmacy fails to remit payment in full to Manitoba within such 30-day period, Manitoba may, in addition to any other remedies available, withhold payment of any future claims to the pharmacy until such time that the overpayment is paid in full to Manitoba. Once a recovery amount is 30 days overdue it becomes subject to interest.

### What will happen to the information that is provided during an audit?

- Manitoba has security policies and procedures governing the storage and destruction of information obtained during the course of business. Manitoba must also adhere to strict confidentiality policies and procedures. These policies are designed to provide a high level of assurance that all information received as part of an audit will be kept in strict confidence.
- Should an auditor remove any records from a pharmacy (or the location where the records are kept) they will complete a *Temporary Removal of Documents* form and leave a copy with the pharmacy manager. The records will be returned within five (5) business days.

### What is the timeline for Manitoba to approve Schedule B submissions?

- As delineated in the summary table below:
  - Schedule B submissions must be received by Manitoba by 4:00 p.m. on the 15<sup>th</sup> day of the month, six weeks prior to the Effective Date (as noted below). Time of receipt will be determined by the date and time stamp printed on the fax or email.
  - Manitoba will not confirm the receipt of each Schedule B; pharmacies can expect to receive a response letter with either approval or request for clarification of their Proposed Schedule B within approximately 10 business days of Manitoba receiving a submission.
  - Manitoba will work with pharmacy providers to clarify errors and omissions between the 15<sup>th</sup> and 1<sup>st</sup> of each respective cycle.
  - **Professional fee schedule changes can only be applied to claims upon receipt of the final approval letter and beginning on the specified Effective Date.** Any claims submitted that include professional fees not approved by Manitoba will be subject to audit and recovery,

Cycle	Schedule B Receipt Deadline is 4:00 pm on:	Schedule B Approval by Manitoba by:	Schedule B Effective Date
One	February 15 (or next business day if the 15 <sup>th</sup> is a holiday)	March 1 (or next business day if the 1 <sup>st</sup> is a holiday)	April 1
Two	April 15 (or next business day if the 15 <sup>th</sup> is a holiday)	May 1 (or next business day if the 1 <sup>st</sup> is a holiday)	June 1
Three	June 15 (or next business day if the 15 <sup>th</sup> is a holiday)*	July 2 (or next business day if the 2 <sup>nd</sup> is a holiday)*	August 1
Four	August 15 (or next business day if the 15 <sup>th</sup> is a holiday)	September 1 (or next business day if the 1 <sup>st</sup> is a holiday)	October 1
Five	October 15 (or next business day if the 15 <sup>th</sup> is a holiday)*	November 1 (or next business day if the 1 <sup>st</sup> is a holiday)*	December 1
Six	December 15 (or next business day if the 15 <sup>th</sup> is a holiday)	January 2 (or next business day if the 2 <sup>nd</sup> is a holiday)	February 1

\*For 2017 only, Cycle Four intake will be extended until 4:00pm on September 15, 2017.

If your questions are not answered by reviewing the Claims Submission Procedures and FAQs posted at:  
<https://www.gov.mb.ca/health/pharmacare/healthprofessionals.html>

Please send an e-mail to [PDPInfoAudit@gov.mb.ca](mailto:PDPInfoAudit@gov.mb.ca).