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NCPA survey: Pharmacists speak out against 'predatory audits'

By Michael Johnsen - 08/03/2011

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ALEXANDRIA, Va. — A survey of 1,850 members of the National Community Pharmacists Association released Wednesday has identified two rising problems: 1) pharmacy audits often punish pharmacies severely for trivial issues and 2) because pharmacies are not privy to basic reimbursement methodology prior to signing contracts with health plans, reimbursements are "both lowered arbitrarily and raised belatedly in response to generic drug cost increases."

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“Ostensibly, pharmacies are audited to guard against fraud, whereas payment caps are established to ensure appropriate reimbursement for generic drugs,” stated NCPA EVP and CEO Douglas Hoey. “However, this survey indicates that both have gone well beyond their intended purpose, while padding windfall PBM profits. Left unchecked, these practices will further undermine both the pharmacists’ ability to care for patients, as well as the viability of small business, community pharmacies and the local jobs and taxes they provide.”

Among the survey’s findings:

- Excessive audits are decreasing the time pharmacists can devote to patients. Illustrating the compliance burden, 62% considered the audit requirements to be completely inconsistent from one health plan to another; 48% of pharmacists reported auditors asking them to justify claims that are two years old or older; and, of the pharmacists who reported having appealed a PBM audit, 81% described that process as burdensome and unsatisfactory;
- 98% said PBM record-keeping requirements go beyond state and federal law, and that even minor, incidental instances of noncompliance are harshly penalized by commission-driven auditors;
- Community pharmacies must sign “blind,” take-it-or-leave-it contracts with large PBMs to maintain access to patients. Nearly all (91%) community pharmacists reported receiving little or no information justifying how PBMs

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arrive at reimbursement rates for generic drugs and how often the prices will be updated to reflect a pharmacy's cost;

- 71% of pharmacists tried to use the PBM's appeals process when they believed that the reimbursement caps, or MACs, did not reflect the pharmacy's costs. Many pharmacists complained about the one-sided nature of the appeals process and noted that MAC-based reimbursement can take months to increase after drug costs spike (and is virtually never done retroactively), but is reduced immediately when prices go down; and
- When asked how PBM reimbursement and auditing practices affect pharmacists' ability to provide patient care and remain in business, 97% said it was a significant or very significant factor.

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