Fraud, Waste and Abuse in the Medicare Part D Prescription Drug Benefit

Background:
Fraud, waste and abuse in the Medicare Part D program is believed to cost taxpayers millions of dollars annually, and potentially threatens the integrity of the benefit as a whole. Under current law, Medicare Part D plan sponsors are required to meet certain regulatory requirements that AMCP believes increase the program’s susceptibility to fraud.

AMCP Position:
The Academy of Managed Care Pharmacy (AMCP) believes fraud, waste and abuse are unacceptable within any health care program, especially within health care programs that are financed through taxpayer dollars. Specifically, AMCP believes that the following requirements increase susceptibility to fraud:

- “Any willing pharmacy” requirements, which stipulate that Part D plan sponsors must contract with any pharmacy willing to meet the plan’s terms and conditions, limits the plan sponsor’s ability to refuse to contract with a suspected fraudulent pharmacy.
- Requirements that plan sponsors pay clean electronic pharmacy claims within 14 days (also known as “prompt pay”) requires plans to pay claims before they have adequate time to investigate any suspicious activity.

Talking Points:
- Lifting the any willing provider requirement would allow plan sponsors to simply refuse to contract with a pharmacy where the plan sponsor has detected evidence of fraud.
  - The competitive structure of the program (i.e. plan sponsors must compete against one another for members) is sufficient to guarantee adequate access by beneficiaries to pharmacies.

- “Prompt pay” regulations require plans to pay claims rapidly, i.e., within 7-10 days, often before they can be adequately vetted by the plan sponsor’s internal fraud control team, leading to a “pay and chase” situation.

- Congress should adequately fund the Center for Program Integrity, the anti-fraud division within the Centers for Medicaid and Medicare Services (CMS), and the HHS Office of the Inspector General through the annual appropriations process.
  - With appropriate support, CMS can combat fraud, waste and abuse in the Medicare and Medicaid programs, saving the taxpayers millions of dollars on an annual basis.

- Supporting AMCP’s proposed anti-fraud legislative language would accomplish the following:
  - Rescind the current prompt pay in instances of fraud.
  - Open communication channels and exchange of date between plan sponsors and CMS, allowing for better fraud detection efforts.

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