

<b>POLICY AND PROCEDURE</b>	
<b>TITLE:</b> Pharmacy Network Audit Oversight	
<b>DEPARTMENT:</b> Pharmacy	<b>POLICY #:</b> PH07
<b>EFFECTIVE DATE:</b> 07/01/05	<b>REVIEW/REVISION DATE:</b> 12/08, 01/09, 07/12, 09/12, 09/15, 09/16, 09/17, 12/18, 05/19
<b>COMMITTEE APPROVAL DATE:</b> P&T ; PRC 6/19/2019 Compliance Committee: 07/10/2019	<b>RETIRE DATE:</b> None
<b>PRODUCT TYPE:</b> Medi-Cal	<b>REPLACES:</b> None

## I. PURPOSE

To establish the PBM's delegated role as the auditor and monitor of the pharmacy network.

## II. POLICY

A. The contracted Pharmacy Benefits Manager (PBM), in accordance with the pharmacy state laws and regulations, will perform the pharmacy network audits. The contracted PBM will provide all pertinent audit information to Health Plan of San Joaquin (HPSJ). The oversight is further delegated to the PBM contract manager. Audit information will include but is limited to the following information:

1. Ensure pharmacy license/permit is current.
2. Ensure pharmacist are credentialed and re-credentialed in an acceptable timeframe.
3. Ensure pharmacy employees/owners licenses are current by receiving quarterly reports from PBM.
4. Determine type of pharmacy services available (compounding, chemotherapy, etc.)
5. Determine pharmacy classification.
6. Determine the hours of operation.
7. Information on whether pharmacy is a Medicaid or Medicare provider.
8. Ensure pharmacies operate under all federal and state regulations that govern pharmacy's practice.

9. Ensure that pharmacies have professional and comprehensive general liability.

### **III. PROCEDURE**

#### **A. Audits**

1. Contracted PBM will perform all audits required for the pharmacy network.
2. HPSJ delegates the PBM audit oversight to the PBM contract manager.
3. Bi-weekly invoice screening may be used to ensure timely discovery of any coding, programming or pricing errors.
4. In consultation with the PBM contract manager, HPSJ Director of Pharmacy will review standard audit performed by the PBM and coordinate, when necessary, all modifications/expansion as needed.
5. Contracted PBM will submit audit reports to the PBM contract manager and HPSJ Director of Pharmacy on annual basis. As part of HPSJ's review of these audit reports, HPSJ will review the PBM's Credentialing Review & Verification form, Internal Policy on Procedure on Credentialing, & Participating Pharmacy Agreement. This monitoring process will ensure that pharmacy employees' licenses are current and in good standing with the Medi-Cal program.
6. In consultation with the PBM contract manager, HPSJ Director of Pharmacy will monitor, track and trend audit reports to ensure network pharmacies are in compliance with state laws and regulations.
7. HPSJ may request for a more detailed audit process when deemed necessary.

#### **B. Monitoring**

1. Audit reports from the contracted PBM and PBM contract manager will be used to:
  - a. Oversee, track, and trend member access to pharmacy network by reviewing quarterly reports provided by PBM.
  - b. Determine pharmacies that may require discipline or education by reviewing quarterly and annual reports provided by the PBM.
  - c. Identify if the contracted PBM administered the network according to HPSJ's instructions and contract terms by reviewing bi-weekly invoices and claims files by the PBM.
  - d. Submit deficiency findings to the Chief Medical Officer for review & appropriate action.

**IV. ATTACHMENT(S)**

None

**V. REFERENCES**

- A. DHS Contract, Exhibit A, Attachment 4
- B. NCQA Standard UM13 – Procedures for Pharmaceutical Management

**VI. REGULATORY AGENCY APPROVALS**

DHCS Approved on (pending).

**VII. REVISION HISTORY**

<b>STATUS</b>	<b>DATE REVISED</b>	<b>REVISION SUMMARY</b>
Reviewed	09/20/16	No content change, annual review.
Reviewed	09/17/17	No content change, annual review.
Reviewed	12/11/18	No content change, annual review.
Revised	05/14/19	Grammatical updates, updated policy template, annual review.

**Health Plan of San Joaquin Approval: Signatures on File in C360**