

OIG: 72 of 79 PDPs fail to meet Medicare's compliance requirements

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Report reviewed stand-alone drug plans, but contains lessons for MA-PDPs, too

The Office of Inspector General (OIG), in a report issued January 4, has found that 72 of 79 Medicare stand-alone prescription drug plans failed to address at least one of Medicare's compliance requirements.

Of particular concern, the OIG found significant gaps in one of the elements outlined in requirements issued by the Centers for Medicare & Medicaid Services (CMS), fraud and abuse training and monitoring.

Only 15 of 79 compliance plans addressed all 11 of Medicare's recommendations regarding fraud detection, correction, and prevention, according to the OIG's report, *Prescription Drug Plan Sponsors' Compliance Plans*.

The report finds that many plans simply restated certain requirements outlined by CMS, and did not describe specific processes to put in place and monitor a fraud and abuse plan. OIG investigators deemed these to be instances of noncompliance.

The OIG has shared its recommendations with CMS, and an agency spokesperson says Medicare has agreed with the recommendations. Medicare-approved prescription drug plans (PDPs) and Medicare Advantage PDPs (MA-PDPs) are required to train employees on Part D compliance, according to CMS' 2006 Part D fraud, waste, and abuse guidance.

"Part D plans are required to have fraud, waste, and abuse programs in place, so it's not simply a best practice," says **Lena Robins**, Foley & Lardner, LLP. Robins, a Washington, DC-based former legal counsel at the Department of Health & Human Services, also coauthored a compliance training handbook for plans on Part D fraud and abuse, published by HCPro, Inc.

Report also applies to MA-PDPs

Although the OIG only looked at stand-alone plans, MA-PDPs should pay close attention to the report. "It's important to remember that although this report just looked at stand-alone PDPs, the same requirements apply to MA-PDPs, and they really need to be concerned about this as well," Robins says. "They will

Part D Compliance
Training Handbook for
Prescription Drug Plans

Medicare-approved prescription drug plans (PDPs and MA-PDPs) are required to train employees on Part D compliance, according to CMS's 2006 Part D Fraud, Waste and Abuse guidance. Violations could sink a plan out of the Medicare Part D business. This training helps your PDP, MA-PDP or PBM satisfy this training requirement for current and future employees.

"Part D fraud, waste and abuse training is now a formal legal and regulatory requirement for plans not abest practice."-- Lena Robins, Foley & Lardner, LLP, co-author

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be largely assessed on the same requirements as the stand-alone PDPs.”

The OIG based its investigation on compliance plans submitted by stand-alone PDPs as of January 2006. Because CMS did not release its comprehensive fraud, waste, and abuse guidance until April 2006, the OIG only reviewed requirements outlined in CMS’ 2005 summary document.

The 2006 guidance provided more detailed recommendations, which should help plans improve their compliance, Robins says.

“Lack of compliance during the first year of the Part D program may go to the fact that this is the first year of a brand-new program. Once the plans have gained a better understanding of where the risk areas are and what they need to do to tailor their programs to meet the requirements, they’ll be in a much better position,” she says.

The timing of the OIG’s report will help new PDPs and MA-PDPs craft better compliance plans from the start, Robins adds.

“Although the bid year for 2007 plans is over, the bid year for 2008 is going to start soon. For any plans looking to get into the Part D arena, they should take note of these findings and make sure that their [compliance] plans meet the requirements, because this is obviously an area of focus.”

CMS’ 2006 fraud, waste, and abuse guidance offers a substantial amount of detail, Robins says, and she recommends that plans consider carefully the specific ways in which they will comply with each element.

“This [report] really points to a lack of experience above anything else,” Robins says. “Part D plans are dealing with a brand-new program that’s very unique. There are so many different stakeholders and elements that they have to be concerned with. But it’s likely that with another year of experience, the findings would be much better.”

[Click here](#) to read the OIG report.

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