Community Pharmacists Describe PBM Audit and Reimbursement Practices That Undermine Patient Care, Local Jobs

(Note: Names are withheld to avoid possible retaliation from PBMs and to encourage candidness. Responses are verbatim, edited for clarity, and a sample of the full survey.)

Independent pharmacists must sign “blind” PBM contracts containing little to no detail regarding how reimbursement rates (or maximum allowable costs – MACs) are set or adjusted to reflect market price changes. While a MAC “appeals process” exists, it’s characterized as slow, one-sided and virtually useless.

- MAC prices on generics that triple in price overnight are not updated for several months. That means we lose dollars on each Rx for several months. The PBM will NEVER go back to the date the generic actually increased in price and reimburse the difference. We are just expected to absorb the cost.

- There is no incentive for PBM’s to correct MAC errors. They reap the reimbursement while we dispense at a loss. This needs to be corrected.

- This process takes too much time for me to perform. PBMs design it this way.

- PBMs only pursue to the last dollar and dime of profit. They do not care [about] any adverse effect of their pricing policies on patients. Of course, pharmacies are even lower in their horizon than patient care. They take advantage of the political environments; deceive patients out of their honesty and ignorance of the PBM operations. MACs are set so low that, on average, five to ten percent of the costs of goods sold are below net acquisition cost. The appeal process is worse than a joke - after finishing rounds of paper works, their answers are "NO" to any adjustments. One of the worst comments that I was told, was that pharmacies have to make up the loss in those prescriptions that are not losing. I hope that those ladies and gentlemen of PBMs will never get old or they have so much money that cash will buy their way out of these miserable situations, when they need help to fill their prescriptions 10 or 20 years down the road.

- The process is so time-consuming that in most cases it’s not worth the time to correct the pricing. The time involved is usually more that the loss on the prescription. The usual answer is the price must be reviewed (even though I am sure they are aware of the problem) and they will get back to us in 72 hours, which rarely happens.

- MAC is representative of how low a PBM can go until their providers (the pharmacies) scream. If not for the economic times we’re in, many independents would flat out refuse service to many PBM generic prescriptions. It is criminal.

- If they correct the MAC they are still unwilling to reimburse you for the incorrect pricing on their part. Thus you lose the money for their mistake and they are unwilling to pay you back for it. And if you tell them that you are being paid below your cost then they just state that’s the contract price and there nothing you can do to combat it. Also I have on record of how the reimbursement reduces by over 30% at least every 6 months; however, my cost to buy the medication does not decrease. Thus my average dollar reimbursement from many PBM’s is around $2.00 when it costs me around $8.00 to fill a prescription in total expenses involved to fill.
I have made several phone calls to PBMs in the past questioning the process for under reimbursed claims. I have been frustrated to the point that it takes so much time and effort it takes away from my primary role as a pharmacist. I need to spend a majority of my time filling prescriptions, counseling, immunizing, etc.

Many times they will refuse to accept the data submitted and when they do realize their error that will not make it retroactive they will only make the change going forward which means for the last 30 to 60 days you lost money on the prescriptions you filled. They should allow us to re-bill those prescriptions especially since they are supposed to update their pricing daily (which they do not do intentionally).

The MAC appeal process is specifically designed to discourage the use of the MAC appeal process. It can take an hour of staff time to fill out the forms and submit them; it can then take weeks or months to get an outcome all in an effort to get the $10 we were paid below our cost.

Insurance companies never increase MAC price timely. If a drug price decreases, the insurance company decreases their MAC immediately, BUT if a drug price increases they drag their feet to the MAC.

My pharmacy completes on average 10 MAC appeals per week. I have only had 1 approved for change since September 2010 when I began the process.

I have never had a PBM actually call back about a MAC appeal sheet that was sent in. I have sent in over 100 in the last year.

Process is a fruitless waste of time. The pricing structure is so vague that any appeal will have results favoring the PBM. I grit my teeth and eat the loss for my patient’s sake.

Pharmacy audits were established to guard against fraud. But PBMs hire auditors on a contingency fee basis, creating an enormous incentive for auditors to harshly punish minor clerical issues that no objective individual would consider “fraud.” Further, the time-consuming practice undermines patient care and takes health care dollars out of local economies to pad windfall PBM profits.

Blatantly ignoring documentation provided to take back over $30,000. Then when a registered letter was sent proving to them the documentation had been sent, their reply was, “oh sorry we missed that.”

Requiring documentation on hard copies not required by the State Board of Pharmacy to legally fill a prescription.

The auditor was left alone while I took care of a patient's question. Upon returning, I caught him moving prescription hard copies from one folder to another and marking them on his audit list as "hard copy missing".

The auditor disallowed a handwritten prescription for a high dollar medication and attempted to recoup the payments from every refill because "in his opinion, the prescription was written out by someone other than the practitioner who signed it." The script had been written (documented) by the physician's nurse due to his poor penmanship and signed by the
physician. Despite thorough follow up documentation of the legitimacy and accuracy of the prescription, the payments were recouped in full.

- During a post-audit conversation with the auditor, I was told that there were only 4 claims with which he had found any problems and being of such a minor nature, they could be easily addressed so as not to be penalized. When the summary of the audit arrived weeks later, there were multiple claims that were not initially flagged as being part of the audit, nor discussed post-audit, which were listed as being in violation of some obscure PBM policy. Payment for those claims would be reversed, and there was no recourse on our part to even appeal the ruling. Upon examining the prescriptions in question, there was NO apparent reason for the PBM's ruling. They simply stole money from my pharmacy.

- The PBM disallowed several claims and the stated reason was "prescriber's Drug Enforcement Administration (DEA) number wasn't on the prescription." The claims in question were not for controlled substances and the PBM's own website states that the ONLY acceptable prescriber identifier is their UPIN number, which was on each of the prescriptions. Again, a case of blatant thievery for which we were told we had no recourse. ... PBM's consistently abuse their "authority" to override perfectly legitimate claims and don't hesitate in fabricating reasons for their actions. Then when you inquire they simply stonewall by telling you that you have no recourse. I don't disagree that audits are necessary, but I'm fed up with PBM's unethical practices and I detest a thief. They're worse than shoplifters and should be prosecuted accordingly.

- Often, even though additional documentation is provided later, the PBM's will not accept it. No documentation is accepted after the audit in many cases. This allows them to "steal" up to 100% of the claim back. Audits also cost thousands of dollars in pharmacist and tech time to prepare for major audits. Time that could be better used in patient care!

- A PBM audited 290 prescriptions last August. The auditors were here 2 full days, and did not find anything. However they went back to headquarters and called Doctor Offices to verify signatures on faxed back prescriptions, and indeed found one where a medical assistant had signed [the] Doctor's name. They recouped the prescription of $60 times 52 extrapolated for a $3120 total. It is ruinous. How can we be detectives?

- A PBM audited our pharmacy about 2 years ago, by going back 18 months and requesting EVERY prescription in that time period to be audited. While COMPLETE information was provided to the on-site auditor on over 5000 prescriptions and at the time of on-site visit NO information was found to be missing, we received a letter stating "additional documentation is needed for claims in the amount of $8000" otherwise money will be recouped. The "additional" information requested was not legitimate and was beyond what state law requires for documentation (moreover, initially all information was already provided to the on-site auditor). We however, again provided them with requested information. After all that, another letter arrived, stating that now the recoupment amount was reduced to $700. This time they chose to ignore the electronically dated prescriptions sent over directly from doctors' offices. Upon contacting the PBM's auditing department, I was told that I can no longer appeal or provide any additional explanation (I was not going to provide any other information to them, as everything was already sent to them, however, I wanted to explain to them their "mistake", possibly intentional, regarding the electronic prescription). After several long conversations (over a 3-months period) with [the] auditing department manager, I was told that I "already had my chance to correct deficiencies in our files and no further chance is going to be provided to submit new documents". I realized that the PBM was trying to recoup any money by illegal methods, so I threatened them that I will file a complaint with the government to make sure their auditing practices are reviewed. At this point they decided to "re-review" my files, after
which I received a disgusting, dirty, wrinkled and unprofessionally folded letter stating that final audit finding showed NO recoupment. I have no doubt the person preparing this letter was extremely dissatisfied that they could not collect any money from us using their illegal methods.

- A PBM audit last year (2010) took back $11,000 on one [prescription] because [the] doctor had put the wrong date on the prescription at the change of the New Year and we [had] all the doctors’ notes to back up where they had not even seen that patient before that time period.

- One audit we provided all of the detailed information they requested and they still wanted $13,000 back. It wasn't until I showed them that I was going to challenge the audit in court that they rescinded the request.

- If a doctor makes an error on a written prescription and we call the office to get clarification, make the change and notate who we spoke with, the auditor considers that an altered prescription and makes us repay for that drug. Secondly, if the date written on the prescription was not entered, but the date dispensed was entered, even if the prescription does not have any refills on it or there were no extra refills filled due to that fact, they still want to fine us for that.

- Another example is not putting a specific time a prescription is called in to the pharmacy. If you fill a legitimate prescription that was called in, and don't write the time, the insurance will recoup the money. Same if you don't get the person's name that is calling it in. Too much time spent on ridiculous things and not enough time spent on patient care.

- A PBM has done a large audit on 40 rx’s from last year. We have been battling them about the fact that a majority of the claims they are auditing are from before 7/1/10, which they were not even the PBM for them at that point. We approached it from HIPAA standpoint (The PBM did not have a contract with them, or us at the time for the claims) and refused to provide them the information. We thought we had it covered under this, but the patient’s insurance company stepped in and demanded we send the information to them, and they are going to forward it to the PBM against our will. It is unbelievable to think that you do everything right to process a claim, and then a PBM can go back and audit us for rx's they did not even process! What part of our business is safe?