

# IHCP *bulletin*

INDIANA HEALTH COVERAGE PROGRAMS    BT201226    JULY 10, 2012



## **HMS to review pharmacy claims through desk and on-site audits**

The Indiana Family and Social Services Administration's (FSSA's) Office of Medicaid Policy and Planning (OMPP) has contracted with Health Management Systems (HMS) to perform retrospective pharmacy audits of Indiana Health Coverage Programs (IHCP) pharmacy providers. This function was previously performed by Prudent Rx; however, in September 2008, Prudent Rx was purchased by HMS.

Auditing activities are necessary in the IHCP pharmacy benefit program to ensure that providers understand IHCP benefits and policy when billing for services rendered to Indiana Medicaid members. HMS' responsibilities in conducting these activities include desk audits and on-site audits. Desk audits are designed to identify and collect overpayments, which are caused primarily by billing errors on the part of pharmacy providers. Desk audits also provide opportunities for education to prevent future pharmacy claim submission errors. On-site audits are conducted in person at the provider location and involve reviewing the provider's claims, facility, and policies and procedures, and collecting information about the provider's usual and customary (U&C) pricing.

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IHCP pharmacy providers are subject to statutorily mandated elements for prescriptions and drug orders. The OMPP will recoup payments on claims associated with prescriptions or drug orders if statutorily mandated elements of the prescription or drug order are missing. Previously, the OMPP was not recouping claim payments related to prescriptions or drug orders that had been faxed to the provider but were missing fax header elements. Beginning with audit cycle NOV12/DEC12, which includes claims with dates of service from October 1, 2012, through December 31, 2012, claims that originated from faxed prescriptions or faxed drug orders will now be at risk of recoupment if any of the fax header elements are missing.

As a reminder, IHCP pharmacy providers must also meet requirements for proof-of-service documentation, tamper-resistant prescription pads (TRPPs), and National Provider Identifiers (NPIs). The OMPP will continue to recoup payments for claims associated with missing proof-of-service documentation, non-TRPP compliance, and non-NPI compliance.

### **Required elements for prescriptions and drug orders**

#### **Prescriptions**

All valid prescriptions are required to contain the following information under *IC 25-26-13-2*:

“Prescription” means a written order or an order transmitted by other means of communication from a practitioner to or for an ultimate user for any drug or device containing:

- (1) the name and address of the patient;
- (2) the date of issue;
- (3) the name and strength or size (if applicable) of the drug or device;
- (4) the amount to be dispensed (unless indicated by directions and duration of therapy);
- (5) adequate directions for the proper use of the drug or device by the patient;
- (6) the name of the practitioner; and
- (7) if the prescription:
  - (A) is in written form, the signature of the practitioner; or
  - (B) is in electronic form, the electronic signature of the practitioner.

Beginning with audit cycle NOV12/DEC12, which includes claims with dates of service from October 1, 2012, through December 31, 2012, claims that originated from faxed prescriptions or faxed drug orders will now be at risk of recoupment if any of the fax header elements are missing.

#### **Drug orders**

All valid drug orders are required to contain the following information under *IC 25-26-13-2*:

“Drug order” means a written order in a hospital or other health care institution for an ultimate user for any drug or device, issued and signed by a practitioner, or an order transmitted by other means of communication from a practitioner, which is immediately reduced to writing by the pharmacist, registered nurse, or other licensed health care practitioner authorized by the hospital or institution. The order shall contain the name and bed number of the patient; the name and strength

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or size of the drug or device; unless specified by individual institution policy or guideline, the amount to be dispensed either in quantity or days; adequate directions for the proper use of the drug or device when it is administered to the patient; and the name of the prescriber.

### **Fax header requirements**

Indiana Administrative Code requires fax headers on all faxed prescriptions—see *856 IAC 1-31-2* at [in.gov/legislative/iac](http://in.gov/legislative/iac) (Title 856 > Article 1). Currently, if fax headers are missing on prescriptions or drug orders, HMS is reporting this lack of compliance to providers for educational purposes only. Starting with audit cycle NOV12/DEC12 (claims with dates of service October 1, 2012, through December 31, 2012), all facsimile prescriptions will require a compliant fax header. All claims for faxed prescriptions or drug orders that do not comply with *IAC 856 1-31-2* will be subject to recoupment.

The fax header requirement under *856 IAC 1-31-2* states:

Sec. 2. Prescription or drug orders for legend drugs may be transmitted by facsimile machine from an authorized prescribing practitioner to a pharmacy under the following restrictions:

- (1) The original prescription or order transmitted by facsimile machine contains:
  - (A) all information required under *IC 25-26-13-2*;
  - (B) the name and address of the pharmacy to which the prescription or drug order is being transmitted; and
  - (C) the name of the person transmitting the prescription or drug order.
- (2) A statement that the prescription is valid only if transmitted by facsimile machine is included on the face of the original prescription or drug order.

### **Proof of service**

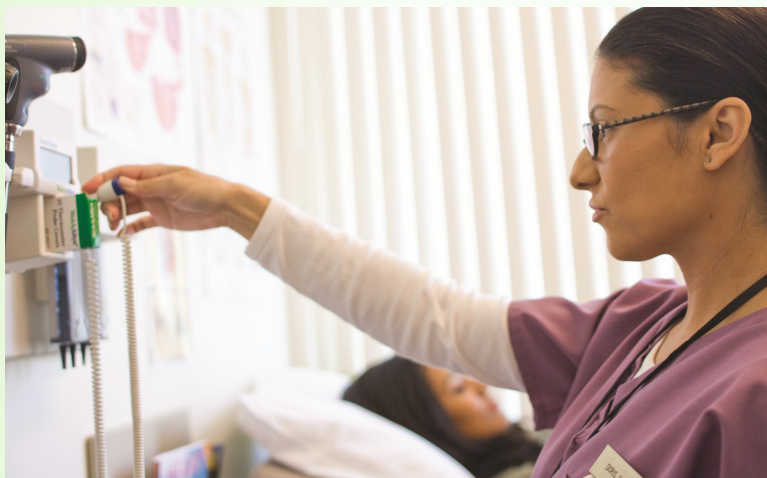
Signature logs for outpatient pharmacies and signed records of delivery for long-term care facilities must be maintained by the billing provider as proof of the service being provided. For mail delivery services, a tracking number that can be traced back to a specific claim for review is required.

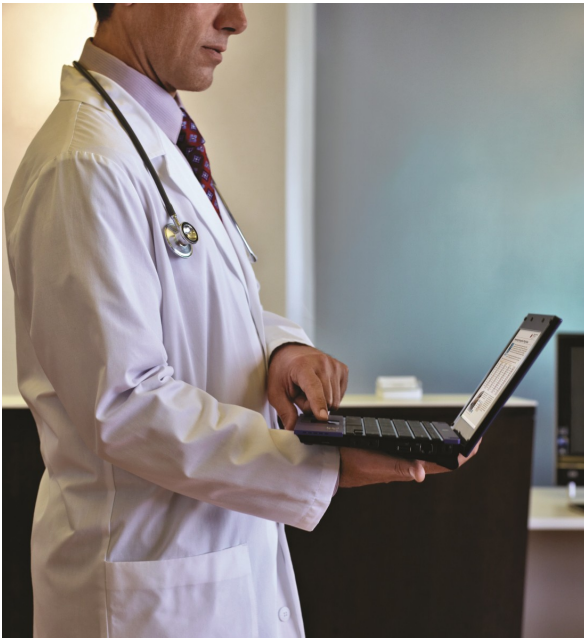
### **Tamper-resistant prescription pads**

All written prescriptions must follow the tamper-resistant prescription pad (TRPP) guidelines.

As of October 1, 2008, all handwritten or computer-generated prescriptions processed under the IHCP pharmacy benefit must be fully compliant with federal and state guidance for prescription-tamper resistance. Prescriptions must contain at least one industry-recognized feature from each of the three categories of tamper resistance:

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- One or more industry-recognized features designed to prevent unauthorized copying of a completed or blank prescription form
- One or more industry-recognized features designed to prevent the erasure or modification of information written on the prescription by the prescriber
- One or more industry-recognized features designed to prevent the use of counterfeit prescription forms

See IHCP bulletin [BT200834](#) for additional information regarding tamper-resistant prescription pads.

In emergency situations, prescriptions written on nontamper-resistant pads are permitted, as long as the prescriber provides a compliant verbal, faxed, electronic, or written prescription within 72 hours after the date on which the prescription was filled.

### **National Provider Identifier (NPI)**

Identification of the prescriber is necessary for the OMPP to maintain compliance with federal requirements for a Drug Utilization Review (DUR) program. Without this information, the effectiveness of DUR is significantly compromised. All pharmacy claims require the 10-digit NPI in the prescriber ID field. If the dispensing pharmacy does not know the NPI for the prescriber, the pharmacy can contact the prescriber directly to obtain the NPI. Providers can also access the National Plan and Provider Enumeration System (NPPES) website at [nppes.cms.hhs.gov](http://nppes.cms.hhs.gov) to find the prescriber's NPI.

Use of inaccurate NPIs, such as using one prescriber's NPI on a claim for a prescription from a different prescriber, is strictly forbidden and will subject the pharmacy provider to recoupment of payment and possible sanction. The OMPP and OMPP contractors will monitor providers' compliance via postpayment review, and if necessary, will refer noncompliant providers to the Indiana Medicaid Fraud Control Unit (IMFCU).

### **HMS Contact Information**

If you have any questions, please contact the HMS Pharmacy Audit Department at 1-866-642-0622 or by email at [pharmacyaudit@hms.com](mailto:pharmacyaudit@hms.com). Please visit the HMS website at [hms.com](http://hms.com) (Our Services > Pharmacy > Information for Providers) for Frequently Asked Questions (FAQs).

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