



AMCP Seeks Sponsor for “Medicare Prescription Drug Anti-Fraud Act”

According to a 2014 GAO report, the federal government spent \$58 billion on Medicare Part D. An estimated \$1.9 billion of that total was improper prescription payments.¹ Section 6402 in the Patient Protection and Affordable Care Act, P.L. 111-148 (the “ACA”) permits the Secretary of the Health and Human Services (HHS) to suspend payments pending an investigation of a credible allegation of fraud against providers of services or suppliers in Medicare Parts A and B, unless there is good cause not to suspend the payment. Federal and private-sector estimates of Medicare fraud range from three percent to 10 percent of total expenditures, amounting to between \$68 billion and \$226 billion annually. The substantial size of the dollars lost annually in fraud, waste and abuse in the entire Medicare Program has made Medicare fraud one of the federal government’s top priorities.

AMCP Draft Legislation Would Extend HHS Secretary’s Authority to Address Fraud in Medicare Part D

AMCP supports legislation that would authorize the HHS Secretary to decrease improper prescription payments by authorizing the suspension of payments when a Medicare Part D prescription drug plan (PDP) sponsor reports a credible allegation of fraud relating to a pharmacy or other supplier. If the Secretary determines that there is a credible allegation of fraud then the Secretary may authorize the PDP sponsor to suspend payments. This is the same authority used by the HHS secretary under the ACA and that many state Medicaid programs utilize.

AMCP developed a draft entitled “Medicare Prescription Drug Anti-Fraud Act” which authorizes the HHS Secretary to take steps to address fraudulent claims and slow the growth of fraud in the Medicare Part D program. Fraudulent activity within Medicare Part D can take many forms, including patients acquiring prescriptions under false pretenses, providers writing illegitimate prescriptions and the trafficking of counterfeit drugs. Medicare PDPs can and should play an important role in fighting fraud, waste and abuse under the Medicare prescription drug program.

Currently, PDP sponsors may not suspend payments to any pharmacy pending a credible allegation of fraud because of the prompt payment and any willing pharmacy contracting requirements. Instead PDP sponsors must “pay and chase” claims that they have reason to believe are fraudulent. AMCP supports reducing the current cycle of “pay and chase”. PDP sponsors can and should play an important role in fighting fraud, waste and abuse under the Medicare Part D program. Greater involvement by PDP sponsors will reduce the incidence of fraud under the Medicare program and result in substantial savings for Medicare beneficiaries and taxpayers.

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¹ Medicare Part D: Changes Needed to Improve CMS’s Recovery Audit Program Operations and Contractor Oversight. Report to the Chairman, Subcommittee on Health, Committee on Ways and Means, House of Representatives, August 2015. <http://www.gao.gov/assets/680/671997.pdf> Accessed September 15, 2015.

The Academy of Managed Care Pharmacy (AMCP) is a national professional association of pharmacists and other health care practitioners who serve society by the application of sound medication management principles and strategies to assist patients in achieving positive therapeutic outcomes. The Academy's nearly 7,000 members develop and provide a diversified range of clinical, educational and business management services and strategies on behalf of the more than 200 million Americans covered by a managed care pharmacy benefit. More news and information about AMCP can be obtained on its website, at www.amcp.org.