



INDEPENDENT *Link*

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Important Information: CMS PERM Audit Scheduled for Tennessee

In 2002, Congress enacted the Improper Payments Information Act requiring measurement of payment error rates for all Medicaid and Children's Health Insurance Programs in all states. The law requires review and audit of claims in one-third of the states each year. This process is called Payment Error Rate Measurement (PERM).

In 2010, Tennessee is one of 17 states in which all Medicaid provider type claims (including TennCare) are subject to a CMS-conducted audit for PERM. For each state under review, 500 fee-for-service claims randomly selected from claims submitted by all Medicaid provider types will be subject to the PERM audit. The 500 claims audited will be selected from claims with dates of service between October 1, 2009, and September 30, 2010. The audit will begin within three to four weeks and will continue for an extended period of time, until the audit of the 500 randomly-selected claims has been completed. Because only 500 claims from across all provider types will be audited in Tennessee, only a few providers will be contacted to participate in the audit. However, since it is possible that some of the 500 claims selected in Tennessee could include pharmacy claims, it is important for all pharmacies participating in the TennCare pharmacy program to be aware of the PERM audit information.

PERM AUDIT PROCESS:

From the provider's perspective, the audit process will begin with a phone call from "A Plus Government Solutions," the firm contracted by CMS to perform the audit. After the initial phone call, the provider will then have a written request faxed to them. The fax will include instructions for submitting the requested claim information. Providers will have 60 calendar days to return the requested documentation. The documentation must be returned with the cover sheet that will be provided. Additional information may be requested. The provider will have 15 calendar days to provide any additional information requested.

For an audit regarding a prescribed drug claim, the documentation that may be requested - per the PERM Project 2010 Cycle Medical Record Request Documents List - includes the following:

- Copy of Prescription in Original, Facsimile, Telephonic, or Electronic form (front and back if applicable) with Patient Name, Date of Birth, Address, Telephone Number, and Physician Name
- Physician Medication Order for SNF/NF or ICF/MR (signed)
- NDC Number
- DEA Number for Controlled Substances
- Prior Authorization (if required)
- Member Pharmacy Signature Log / Proof of Delivery
- Proof of Delivery to Nursing Home
- Member Profile with Refill History

AUDIT OUTCOMES:

It is critical that the provider participate in the PERM audit process if requested to do so and to follow the directions given within the time frames allowed. Failure of the provider to return the requested documentation within the period specified will result in the auto-

matic determination that the claim under review was paid in error. This will result in CMS recouping from the State the amount paid for the claim, and the subsequent recoupment by the State of the full payment made to the provider.

Additional information, including frequently asked questions, can be found at www.cms.gov/perm and www.cms.gov/PERM/06_Providers.asp.

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Walgreens, CVS Caremark Reach Accord on Drug Plans

Walgreens and CVS Caremark announced Friday that they have reached a multi-year agreement under which Walgreens will continue participating in the CVS Caremark pharmacy benefit management (PBM) network for existing, new or renewal plans.

On June 7, Walgreens announced it would no longer enter into new prescription drug benefit contracts managed by CVS Caremark or renew existing ones, citing the unfair design of CVS Caremark's Maintenance Choice program, lack of notification when a patient transfers prescriptions to a CVS Caremark retail or mail order pharmacy, and CVS Caremark's unpredictable prescription drug reimbursement rates. On June 9, CVS Caremark said it was eliminating Walgreens from its retail pharmacy network.

The agreement announced today will allow CVS Caremark PBM customers to continue having their prescriptions filled at Walgreens locations. For CVS Caremark, the agreement minimizes damage to its PBM business by deflecting complaints from customers who live in areas served primarily by Walgreens. The agreement allows Walgreens, the largest pharmacy chain, to avoid a \$5 billion hit in annual sales. The financial terms of the new contract have not been made public.

Tennessee Pharmacists Association 615.256.3023 615.255.3528 Fax tpa@tnpharm.org www.tnpharm.org



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