# New Brunswick Drug Plans
# Provider Audit Guide

## Contents

# 1. Introduction

## Overview of the New Brunswick Drug Plans

The Government of New Brunswick provides drug coverage to eligible residents of New Brunswick through the New Brunswick Prescription Drug Program, the New Brunswick Drug Plan and other drug plans (collectively known as the New Brunswick Drug Plans). The drugs covered under the program are listed in the New Brunswick Drug Plans Formulary.

## The New Brunswick Prescription Drug Program (NBPDP)

The New Brunswick Prescription Drug Program provides drug coverage to eligible residents of New Brunswick. Information on the eligible beneficiary groups is outlined on the Department of Health's website.

## The New Brunswick Drug Plan

The New Brunswick Drug Plan is an income-based drug plan that provides drug coverage to eligible uninsured residents of New Brunswick.

Information related to coverage and eligibility for the New Brunswick Drug Plan is outlined on the Department of Health's website. The drugs covered under the program are listed in the New Brunswick Drug Plans Formulary.

## Other Government Sponsored Plans

- Correctional Services (Plan C)
- Public Health Plan (Plan I)
- Pharmacy Services (Plan M)
- NB Tuberculosis Drug Plan (Plan P)
- Medical Abortion Program (Plan J)
- Extra Mural Program (Plan W)
- New Brunswick Drugs for Rare Diseases Plan

## 2. New Brunswick Drug Plans Provider Audits: Overview

The New Brunswick Drug Plans conduct provider audits to provide reasonable assurance that the dispensing, claim submission, billing and reporting practices of participating providers are following the criteria established by the *Prescription Drug Payment Act,* the *Prescription and Catastrophic Drug Insurance Act*, their respective regulations and applicable policies. Audits also serve to inform and educate participating providers and help to identify and prevent fraudulent activities.

Provider audits may be conducted via focused desk audit, an on-site audit or a prescription drug claim verification audit. The regular practice for on-site audits is for the inspector (auditor) to contact pharmacies in advance to schedule the audit in order to provide the pharmacy owner with enough notice to prepare for the audit. However, auditors have the authority to conduct an audit at any time without prior notification when circumstances warrant.

The auditor may review any billing or dispensing practices or associated records including, but not limited to:

- Billings for material drug costs that exceed authorized amounts;
- Billings for dispensing services that exceed authorized amounts;
- Billings for the same beneficiary, for the same product, dispensed prior to the customary or assigned dispensing period (e.g., early refills, refills in close proximity, etc.); or
- Billings that are or appear to be noncompliant with the acts, regulations and policies governing the New Brunswick Drug Plans.

The auditor may examine any billing or dispensing practices that are inappropriate, or appear to be inappropriate, including, but not limited to:

- Billings for products that were not dispensed or prescribed;
- Billings for ingredient amounts used in compounded products that are above actual acquisition costs;
- Billings in any manner that are inappropriate or appear to be inappropriate according to the acts, regulations and policies governing the New Brunswick Drug Plans; or
- Billings for non-entitled benefits or drugs not covered by the beneficiary's plan (e.g., compounded prescriptions containing non-entitled benefits or ingredients which are inaccurately billed using a Drug Identification Number (DIN) or a Product Identification Number (PIN) for an entitled benefit).

In the event the provider audit results indicate irregular or inappropriate billing practices, the Audit Findings Letter will identify any non-entitled amounts that may be recoverable from the provider and may identify recommendations or corrective actions.

Corrective actions may include referral to the licensing authority, and/or suspension/cancellation of the participating provider agreement with the New Brunswick Drug Plans. In cases where evidence of criminal activity is identified, corrective actions may include the pursuit of legal action.

All provider audit findings and the associated Provider Audit Reports are made available to the Pharmaceutical Services Branch at the New Brunswick Department of Health.

## a. Provider Audit Activities

The following practices are subject to audit:

- Provider claims;
- Provider billing practices related to claim submission (e.g., supporting documentation);
- Provider business practices related to documentation, records or document retention; and
- Provider actions that may contravene acceptable dispensing or billing practices.

In conducting any audit activity, the auditor has the authority to request any record relevant to New Brunswick Drug Plans claims, including but not limited to the following records:

- Any record that an auditor considers relevant to the provision of benefits, billing or business practices, the submission of claims and the payment of benefits under the Plans; and
- Any record that would aid an auditor in identifying or acting on noncompliance with the acts, regulations or policies governing the New Brunswick Drug Plans.

## b. Provider Compliance

Providers selected for provider audit are required to comply with the following requests:

- Provide access to, and allow the inspection of, electronic or paper-based records that the auditor considers necessary for the purpose of the inspection; and
- Answer questions posed regarding any record mentioned above, or to the provider audit in general.

Records not located on the premises must be provided to the auditor within a reasonable timeline.

The following actions are regarded as noncompliant, and may result in corrective actions, up to and including suspension or cancellation of the participating provider agreement:

- Failure to respond to an auditor's request within a reasonable time;
- Providing misleading or false information; or,
- Obstructing the progress of the provider audit or Audit Findings Letter.

Failure to comply with any of the above listed requests may result in any or all the following corrective actions:

- Recovery of non-entitled amounts identified from provider audit;
- Suspension or cancellation of the participating provider agreement;
- Referral to the licensing authority for further investigation; or
- Legal action.

## c. Audit Selection

The New Brunswick Drug Plans' Provider Audit Team may select a provider for audit based on various factors, including, but not limited to the following:

- Voluntary information or complaints submitted by a patient, beneficiary, member of the public, health care provider or professional association;
- Patterns of misinterpretation or incorrect claim submissions or billings;
- Close proximity claims;
- High levels of utilization for a beneficiary or beneficiary group; or,
- Statistical anomalies detected from the compilation and analysis of billing data.

The type of provider audit selected is dependent on the level and severity of risk or potential impact that the associated behavior or practice poses to beneficiaries or the New Brunswick Drug Plans.

There are several types of audits that may be conducted:

i. Focused Desk Audit:
- This type of audit is performed remotely and requires pharmacies to submit supporting documentation.

ii. On-site Audit:
- This type of audit is performed on-site at the pharmacy and is an in-depth investigation of a single pharmacy's submission practices.
- On-site audits may vary in duration and are determined by the number of claims selected for review and the accessibility of the supporting documentation (assessment forms, prescriptions, referrals, scanned images, and computer-generated hardcopies, etc.) for those claims.
- Documentation to support the claim must be available for review during the on-site audit. Only the documentation available at the time of the audit will be considered.

iii. Prescription Drug Claim Verification
- This type of audit is performed remotely, conducted monthly on selected categories (e.g. close proximity claims, compounds, reasonableness) and requires pharmacies to submit supporting documentation.

## 3. Audit Results

Prior to finalizing focused desk and on-site audits, the auditor will send the provider a preliminary audit findings letter within 90 calendar days of receiving the requested provider's information. The preliminary letter will outline the results of the audit and offer the provider an opportunity to communicate with the auditor.

The provider will have 15 calendar days to respond to the preliminary findings and provide additional information or context. The auditor will then have 15 calendar days to issue the final audit findings letter, outlining the results of the investigation to the provider.

The final audit findings letter will identify all findings related to incorrect or noncompliant prescription handling, data or records handling and retention, billing, and dispensing practices. Where applicable, the auditor will provide a written recommendation or corrective action for each audit finding, relative to each identified risk.

If an auditor determines that non-entitled amounts have been paid to a provider, the New Brunswick Drug Plans will require that the provider repays any non-entitled amounts. These amounts may be deducted from any subsequent payments made to the provider or be recovered in a court of competent jurisdiction.

In addition to the recovery of non-entitled amounts, the New Brunswick Drug Plans may deem it appropriate to impose or seek any of the following corrective actions:

- Provide guidance for prescription handling, documentation, data and records handling, data retention, and dispensing behaviours;
- Issue a warning letter;
- Recovery of dispensing fees and/or full recovery of the claim;
- Suspension or cancellation of the participating provider agreement;
- Referral to the licensing authority for further investigation; or
- Legal action.

## 4. Provider Audit Corrective Actions

The following table outlines potential audit findings and the possible corrective action that may be imposed as a result:

| Audit findings (error or issue found) | Action* |
|---|---|
| Incomplete or missing documentation regarding a compounded prescription (e.g., missing prescriptions, missing signatures or missing invoices to support actual acquisition cost (AAC, etc.) | Recover drug cost and dispensing fee for original and any refills. |
| Incomplete or missing documentation regarding a claim submitted under the Pharmacy Services Plan | Recover total amount paid for service. |
| Overbilled ingredients in a compounded prescription | Recover the excess of the actual acquisition cost of the compound, unless supported by valid invoices. for original and any refills. |
| Drug not covered or incorrect DIN submitted | Recover drug cost and dispensing fee for original and any refills. |
| Patient's full name is missing or does not correspond with the name transmitted for reimbursement | Recover drug cost and dispensing fee for original and any refills. The pharmacist is given the opportunity to provide the following corroborating evidence:<br>• Name and surname<br>• Married name (when required)<br>• Alias (if known)<br>• Date of birth |
| Claim submitted / paid for patient, where date of service exceeds the date of patient's death (unless authorized by the NB Drug Plans) | Recover drug cost. |
| Drug name not indicated on the prescription | Recover drug cost and dispensing fee for original and any refills. |
| Original prescription and hard copy / electronic scan refills missing | Recover drug cost and professional fee for original and any refills. |

| Audit findings (error or issue found) | Action* |
|---|---|
| Prescription filled too soon | Recover drug cost and dispensing fee for all subsequent early refills, unless supporting documentation and appropriate intervention code justifying early refill ( e.g., before 80% of the supply has been used). |
| No quantity indicated on the prescription or quantity dispensed differs from what is indicated on the prescription | Recover dispensing fee for original and any refills, unless the quantity claimed is:<br>• The only size manufactured, and the package format is such that it cannot be divided (e.g., inhalers);<br>• Implicit in the physician's directions (e.g., three a day x 10 days = 30);<br>• For an extemporaneous mixture with supporting documentation clarifying the quantity dispensed (e.g., due to stability issues, discussion with client, etc.);<br>• For an oral contraceptive, in which case history is sufficient;<br>• Subsequent to the adapting of a prescription, in which case all the relevant provincial requirements are met, including any required documentation |
| Prescriber's signature:<br>(i) Signature is missing<br>(ii) Verbal prescription not documented | (i) Recover drug cost and dispensing fee for original and any refills.<br>(ii) Recover drug cost and dispensing fee for original and any refills, unless clearly documented (e.g., voice order) and prescriber's name is indicated. |
| Prescription has expired or refills exceed quantity authorized | Recover total amount paid for excess refills unless a prescription renewal is permitted by regulations and relevant requirements are met. |
| Batch/Cycle Fills where full dispense fee was reimbursed more often than permitted | Recovery of the applicable portion of the dispensing fee. |
| Claim submitted that does not comply with the Frequency of Dispensing and Payment Policy | Recovery of the applicable portion of the dispensing fee. |

| Audit findings (error or issue found) | Action* |
|---|---|
| Quantity billed incorrectly (as referenced on Claim Submissions web page) | Recover excess drug cost and markup, unless supported by valid invoices. |
| Incorrect prescriber ID and/or ID reference number | Recover dispensing fee for original and any refills. The pharmacist is given the opportunity to respond with the correct information. |
| Incorrect price | Recover the excess drug cost and markup, unless supported by valid invoices. |
| Claim reversal not sent to claims processor | Recover drug cost, markup and dispensing fee. |
| Item not picked up by beneficiary within 30 days of claims date | Recover drug cost and markup. |
| Directions are missing | Recover dispensing fee for original and any refills, unless directions were clarified with the prescriber, supported by package information or established by a reputable reference and are documented. |
| Day supply does not reflect directions | Recover dispensing fee for original and any refills, unless it meets the requirements of the *Frequency of Dispensing and Payment Policy*. |
| Quantity has been reduced | Recover dispensing fee for original and any refills, unless stability limits the quantity dispensed, or there is proper documentation as outlined in the Frequency of Dispensing and Payment Policy . |
| Invalid submission of a claim for NB PharmaCheck™ | Recover total amount paid. |
| Invalid submission of a claim for Pharmacy Services | Recover total amount paid. |
| Any error, omission or behaviour resulting in excessive costs to the New Brunswick Drug Plans and Department of Health | Recovery, legal action, referral to the licensing body, and/or suspension or cancellation of the participating provider agreement. |
| Any error, omission or behaviour resulting in, or potentially resulting in threat to the continuity and integrity of the New Brunswick Drug Plans | Recovery, legal action, referral to the licensing body, and/or suspension or cancellation of the participating provider agreement. |

| Audit findings (error or issue found) | Action* |
|---|---|
| Any omission or behaviour, or pattern thereof, suggesting willful and deliberate intent to defraud the New Brunswick Drug Plans and Department of Health or beneficiaries more than $5,000. | Recovery, legal action, referral to the licensing body, and cancellation of the participating provider agreement. |

*The list above is not all inclusive. The auditor may apply alternate or additional actions based on the volume of errors, and the associated risk posed to beneficiaries or the New Brunswick Drug Plans.

## 5. Request for Reconsideration

a. Focused Desk and On-site Audits

Following the receipt of the final Audit Findings Letter, providers have thirty (30) calendar days to submit a written request for reconsideration of the audit findings. Along with the request for reconsideration, the provider must submit any additional documentation that may support, warrant or verify formal reconsideration of the audit findings.

The auditor will provide written confirmation to the provider of the results of the reconsideration within thirty (30) calendar days of receiving the request. Results of a formal reconsideration may include any of the following:

- Some or all findings of the initial audit are confirmed; any non-entitled amounts owed are recovered, and any additional recommendations or corrective actions are pursued; or
- Some or all findings of the initial audit are corrected, and the assigned audit action (e.g., non-entitled amounts owed, recommendations, corrective actions, penalties, etc.) is adjusted.

b. Prescription Drug Claim Verification

Following the receipt of the Prescription Drug Claim Verification letter, providers have thirty (30) calendar days to submit a written request for reconsideration of the recoverable amounts. Along with the request for reconsideration, the provider must submit any additional documentation that may support, warrant or verify formal reconsideration of the audit findings.

The auditor will provide written confirmation to the provider of the results of the reconsideration within thirty (30) calendar days of receiving the request. Results of a formal reconsideration may include any of the following:

- Some or all findings of the Prescription Drug Claim Verification Letter are corrected, and the assigned audit action (e.g., non-entitled amounts owed, recommendations, corrective actions, penalties, etc.) will remain adjusted.

## 6. Request for Review by the Inspection Review Committee

A participating provider may submit a written request for review by the Inspection Review Committee within thirty (30) calendar days of receiving the results of the formal reconsideration. This request must be addressed to the Executive Director of Pharmaceutical Services at the Department of Health:

Attn: Executive Director, Pharmaceutical Services
New Brunswick Department of Health
HSBC Place
P.O. Box 5100
Fredericton, NB
E3B 5G8

Upon receipt of a formal request for review, the audit findings will be reviewed by the Inspection Review Committee.

The Inspection Review Committee is composed of four voting (4) members and one non-voting member:

- Three (3) pharmacists who are not employees of the Department of Health, appointed by the Lieutenant-Governor in Council;
- A chartered, professional accountant (who shall serve as chair of the Committee), appointed by the Lieutenant-Governor in Council.
- One employee of the Department of Health supports the work of the Committee (in a non-voting capacity).

A decision of the Inspection Review Committee may affirm or vary the results of the inspection and shall be consistent with the Prescription Drug Payment Act, the Prescription and Catastrophic Drug Insurance Act, their respective regulations and applicable policies.

The Inspection Review Committee shall send its decision to the participating provider within sixty (60) days after receiving the request for review.

Within sixty (60) days after the date of the decision of the Inspection Review Committee, the participating provider may appeal the decision to a judge of The Court of Queen's Bench of New Brunswick in accordance with the Rules of Court.

## 7. Glossary

Appeal: a written request for reconsideration of initial audit findings or formal reconsideration results, or the subsequent recommendations or corrective actions.

Audit: a variety of investigative activities used to assess whether claims submitted for reimbursement are compliant with legislated dispensing, claim submission, billing and reporting practices.

Auditor: an inspector appointed by the Minister of Health pursuant to the acts and regulations governing the NB Drug Plans.

Beneficiary: a person who is deemed eligible for entitled services and is enrolled in one of the New Brunswick Drug Plans.

Benefit: an entitled service that is provided to a beneficiary enrolled in one of the New Brunswick Drug Plans or the reimbursement of the cost or a portion of the cost of an entitled service.

Calendar Day: shall be considered a consecutive 24-hour period including weekends and holidays.

Desk Audit: an in-house investigation of providers' claim submission documentation, data and supporting records, either in paper-based or electronic form.

DIN: a Drug Identification Number; an eight-digit number assigned by Health Canada to uniquely identify any drug product sold in dosage form, including the manufacturer, product name, active ingredient(s), strength(s) of active ingredient(s), pharmaceutical form and route of administration.

Dispensing services – professional services performed by a provider related to the provision of entitled services (e.g., dispensing and preparing drugs, etc.)

Formal Reconsideration: an appeal of initial audit findings.

New Brunswick Drug Plan: also referred to as NB Drug Plan, is an income-based drug plan that provides drug benefits to eligible uninsured New Brunswick residents who have a valid New Brunswick Medicare card.

New Brunswick Drug Plans: the New Brunswick Drug Plan and the New Brunswick Prescription Drug Program and other government-sponsored drug plans.

New Brunswick Prescription Drug Program: also referred to as "NBPDP", is a group of drug plans that provide coverage for specific drugs to eligible beneficiary groups.

On-Site Audit: an in-person investigation at the location the provider operates or practices.

Original Prescription: the first instance or first fill of any prescription, regardless of whether the prescription is a new therapy for the patient.

Inspection Review Committee: a committee of four voting (4) members, appointed by the Lieutenant-Governor in Council Health, to conduct appeals of audits.

Pharmacy: a place of business that holds a valid certificate of accreditation under the *Act Respecting the New Brunswick College of Pharmacists,* or that operates outside of New Brunswick and is licensed or accredited as a pharmacy in that jurisdiction.

PIN: a Product Identification Number.

Prescriber: a health care professional who is prescribed by regulation and is licensed to provide health care services and prescribe treatment (e.g., physicians, pharmacists, optometrists, dentists, nurses, podiatrists and midwives).

Prescription: a prescriber's order for treatment, inclusive of the product prescribed, the form and dosage, the quantity to be dispensed, the regimen the patient should follow in using the prescribed product, and whether any repeats are indicated. The prescription must be dated and signed by an authorized, licensed prescriber.

Provider: a pharmacy or other health care organization as prescribed in regulation.

Signature: electronic (e.g., a password, code, image, imprint, name or initials entered in type) or handwritten proof of identity and intent.