10 Audit

10.1 Audit Policies

[June 1, 2015: Updated to reflect the requirements of the Provider Regulation]

General Policy Description

Audits are performed to ensure providers—and claims for drugs, medical supplies, and services paid by PharmaCare to a provider—are in compliance with the terms of the Pharmaceutical Services Act and related regulations, College of Pharmacists of BC rules and bylaws, PharmaCare policies and procedures, and policy and procedural updates communicated in PharmaCare Newsletters.

Policy Details

Application of Policy

- This policy applies to all providers enrolled in PharmaCare by way of :
  - PharmaCare Enrolment Agreement;
  - Pharmacy Participation Agreement;
  - British Columbia PharmaCare Non-Pharmaceutical Supplier Participation Agreement;
  - British Columbia PharmaCare Pharmacy Participation Agreement for the Provision of PharmaCare Services to Long Term Care Facilities;
  - Methadone Maintenance Payment Program Addendum to Pharmacy Participation Agreement; and,
  - Pharmaceutical Services Act and regulations;

Issues Subject to Audit

- Any issues contained within the Pharmaceutical Services Act, Provider Regulation, PharmaCare Enrolment Agreement, College of Pharmacists rules and bylaws or other agreement listed above, are subject to audit in order to confirm compliance with legislation, regulations and agreements and applicable PharmaCare policies and procedures.
- The Pharmaceutical Services Act and Provider Regulation establishes the following with regard to records and audit:
  - The minister may appoint inspectors to conduct audits and inspections for the following purposes:
    - to determine compliance with the Pharmaceutical Services Act;
    - to fulfill a prescribed purpose.
  - The following matters may be the subject of an audit or inspection:
    - a claim;
    - the billing and business practices of a person referred to above
    - prescribed matters.
  - An inspector may audit or inspect the matters set out below in respect of
    - a provider, a manufacturer, a supplier, a franchisor or an alternate payee,
    - a former provider, manufacturer, supplier, franchisor or alternate payee,
    - a person who is prohibited from providing or receiving incentives under the Act

- a person who was formerly a person who is prohibited from providing or receiving incentives under the Act.

Claims Subject to Audit

- All PharmaCare accepted claims are subject to audit to confirm compliance with the provisions of the Pharmaceutical Services Act and related regulations, College of Pharmacists of BC rules and bylaws, PharmaCare policies and procedures, and policy and procedural updates communicated in PharmaCare Newsletters.

Audit Performance

- Audits are performed by PharmaCare Audit, Audit and Investigations Branch, Financial and Corporate Services Division, Ministry of Health.
- PharmaCare auditors are appointed as inspectors by the Minister of Health as duly authorized representatives of the PharmaCare Program for the purposes of conducting audits.
- PharmaCare Audit:
  - performs provider audits and writes the resulting audit reports
  - investigates tips
  - makes recommendations to the PharmaCare Audit Review Committee concerning overpayment recoveries and/or non-compliance issues identified by audits
  - makes policy and procedure recommendations to PharmaCare based on audit outcomes
  - manages the Confirmation Letter Program

PharmaCare Audit Review Committee

- The PharmaCare Audit Review Committee oversees the PharmaCare audit process by:
  - resolving policy issues identified in audits
  - approving Final Audit Reports
  - approving Annual Audit Plans
  - reviewing and making recommendations for the settlement of disputed Audit Reports
  - reviewing and making recommendations for the suspension/termination of PharmaCare enrollment
- The PharmaCare Audit Review Committee consists of:
  - Voting Members:
    - Executive Director, Policy Outcomes, Evaluation & Research (Chair)
    - Executive Director, Audit and Investigations Branch
    - Director, Policy and Communications
    - Pharmacist, Ministry of Health
    - Manager, PharmaCare Audit
  - Legal Advisor:
    - Legal Counsel, Ministry of Health

Audit Access

- Providers will permit PharmaCare inspectors, at all reasonable times, to:
  - have access to the provider site or other location where the required records under this policy are located; and
  - inspect and copy, or remove those records for the purpose of copying; and
  - conduct an audit of those records relating to claims accepted by PharmaCare.
- In the event that PharmaCare Auditors remove any records from a provider site or the location where the records are kept, the records will be returned within 20 business days, except for prescription records, which will be returned within 5 business days.
- PharmaCare Auditors will complete a *Temporary Removal of Documents* form with the manager of the provider site being audited when records are removed.
- The provider must inform PharmaCare Audit of the location of the records if not kept at the site to be audited. If records are located out of province, they must be provided for audit within 20 business days.

Provider Recordkeeping Requirements

- Providers must keep all of the following records:
  - original prescriptions and refill authorizations received in respect of beneficiaries, showing the information required under section 6 (2), (4), (7), (9) and (10) of Part 1 of Schedule F to the College of Pharmacists bylaws;
  - records respecting the provision of benefits to beneficiaries, showing, for each transaction,
    - the date,
    - the benefit provided,
    - the beneficiary's name and identity number, and
    - the total amount charged and received;
  - copies of records made or submitted in relation to a claim, including copies of any relevant authorizations given by the minister under the Act before the claim is made;
  - records of purchase orders and invoices for drugs, devices and substances that may be provided as benefits, with each purchase order and invoice having a unique identifying number and showing, for each purchase,
    - the names and contact information of both the vendor and purchaser,
    - the date the drugs, devices or substances were received,
    - the name, strength, unit price, quantity and, if applicable, Drug Identification Number, of the drugs, devices and substances, and
    - the total amount charged and paid;
  - records of shipping orders for drugs, devices and substances for which there is no purchase order or invoice but in relation to which a related service was or is to be provided, with each shipping order having a unique identifying number and showing, for each shipment,
    - the names and contact information of both the shipper and receiver, and
    - the date the drugs, devices or substances were received,

    - the name, strength, unit price, quantity and, if applicable, Drug Identification Number, of the drugs, devices and substances, and
    - the total amount charged and paid;
- records of transfers of drugs, devices and substances that may be provided as benefits between sites or other locations for which a provider is an owner or a manager, showing, for each transfer,
    - the name and address of both the site from which the drugs, devices and substances were transferred and the site at which the drugs, devices and substances were received,
    - the name and signature of the person taking receipt of the transferred drugs, devices and substances,
    - the date the transferred drugs, devices or substances were received,
    - the name, strength, unit price, quantity and, if applicable, Drug Identification Number or Product Identification Number, of the transferred drugs, devices and substances, and
    - the total amount charged and paid, if any;
- records made in relation to the provision of incentives by the provider as described in section 51 (2) [offences] of the Act;
- copies of records issued by a manufacturer or body respecting recognition or training for the purposes of section 4 (3) [enrollment of device providers];
- records made in relation to the provision of related services by the provider, regardless of whether the drug, device or substance to which the service is related is a benefit.

Additional records to be kept by pharmacy providers

- A pharmacy provider enrolled in the Plan B provider sub-class must keep a record, in respect of each beneficiary served by the provider who is enrolled in Plan B, that includes all of the following:
    - the information required under section 13 (2) and (3) of Part 3 of Schedule F to the College of Pharmacists bylaws;
    - a record of the review required under section 15 of Part 3 of Schedule F to the College of Pharmacists bylaws.
- A pharmacy provider enrolled in the methadone maintenance provider sub-class must keep both of the following records in respect of each prescription received by the provider in respect of methadone maintenance services for a beneficiary:
    - the original prescription form as approved by the College of Physicians and Surgeons of British Columbia and entitled "Methadone Maintenance Controlled Prescription", showing
        - the beneficiary's personal health number, name, address and date of birth,
        - the name, contact information and identification number, as issued by the College of Physicians and Surgeons of British Columbia, of the prescriber,
        - the prescription folio number and the date of the prescription,
        - the name of the drug, the strength and quantity prescribed, the prescribed daily dose and the dates on which dosing is to begin and end,
        - whether ingestion must always be witnessed, and, if ingestion need not always be witnessed, a statement in both numeric and alphabetical form of the number of days each week that ingestion must be witnessed,

- whether the drug may be delivered to the beneficiary, and
- the signatures of the prescriber, the dispensing pharmacist and the beneficiary;
- a log showing the beneficiary's name and, for each dispensation,
- the date the drug was dispensed,
- the prescription or transaction number,
- the quantity of the drug witnessed as having been ingested, the quantity provided for ingestion other than at the pharmacy, if any, and the total quantity dispensed,
- if the drug was provided for delivery to the beneficiary, the address to which and the date on which the delivery was made, and
- the signature or initials of the dispensing pharmacist, and the signature of the beneficiary, confirming that the drug was dispensed on the date indicated

- All records listed above must be kept
  - for at least 4 years, or
  - if an inspection or audit is in process in respect of the provider or the site that is the subject of the provider's enrollment at the end of the 4 year period, until the inspection or audit is complete.
- The minister may also require a provider to keep records:
  - in addition to those listed above;
  - for a longer period of time than 4 years.

Disallowing Claims

- In the context of an audit, if, in the reasonable opinion of PharmaCare Audit, no records exist to support a claim, or the documentation supporting a claim is incomplete or insufficient, the claim will be disallowed and any amount associated with the claim will be owing to the Province.
- For the purposes of calculating an audit recovery, information a provider obtains from a prescriber/other provider after an onsite audit cannot be used to support a disallowed prescription claim.

Audit Recoveries

- The Act establishes the following with regard to recoveries:
  - An amount is a non-entitled amount if the amount is paid by the minister to a provider or an alternate payee, or a former provider or alternate payee, who, under the Pharmaceutical Services Act, is not entitled to the amount, including any amount paid
    - for a drug, device, substance or related service provided to a person who was not a beneficiary, at the time of the claim
    - for a drug, device, substance or related service that was not a benefit,
    - in respect of a claim for payment
      - for a benefit that was not provided, or
      - that is not supported by the records kept or produced under this Act,
    - after relying on a representation of fact that was untrue, or
    - by mistake, including data entry errors.

- Without limiting any action the minister could take under section 46 [enforcement orders] of the Pharmaceutical Services Act, if the minister determines that a non-entitled amount was paid to a provider, the minister may require the provider to
  - repay the non-entitled amount,
  - pay a prescribed surcharge, and
  - pay interest on the amounts owing under paragraphs (a) and (b).
- The total amount that a person is liable to pay under subsection (2) is a debt due to the government and may be
  - deducted from any subsequent payment that may be made to the person under this Act, including under an agreement made under this Act, or
  - recovered in a court of competent jurisdiction.
- Where any amount is found to be owing by the Provider to the Province, the Province may require and the Provider shall repay, no later than thirty (30) days from the receipt of the demand, the amount owing.
- Without limiting other remedies available to the Province at law, if the Provider fails to make any repayment required under the section above, the amount owing may be deducted from any money owing by the Province to the Provider. The Province will collect the recovery by set-off (i.e. by deducting the recovery amount from a current or future payment) 30 days from the receipt of the amount owing.

- Once a recovery amount is 30 days overdue it becomes subject to interest pursuant to the *Financial Administration Act,* Section 20: *Interest on Overdue Accounts*.

Suspension/Termination of PharmaCare Enrollment

- For information on suspensions/terminations, see Section 2.1. of this manual.

Selection for Audit

- Selection of a provider for audit may be made by statistical analysis and comparison of claims data, random selection, direct selection, or other means.
- The method of selection will be identified in the Audit Reports.
- The PharmaCare Audit Review Committee must approve any audits.

Audit Notification

- Providers are sent a formal notice of an audit by letter, including a letter—by fax, hand delivery or courier—confirming the auditors as duly authorized government representatives and to confirm audit dates.
- In some cases no advance notice is given.

Confidentiality

- The confidentiality of the information used for the audit is guaranteed by the public service Oath of Employment auditors take when hired as government employees.

- Upon arrival at the pharmacy, the auditors will complete, with the pharmacist, a *Pharmacy Designated Support Person Confidentiality Undertaking* form.

Audit Sampling

- An inspector shall conduct and determine the results of an audit under the Pharmaceutical Services Act by following practices which include:
  - Utilizing “Probability Proportionate to Size Sampling” (also known as “Monetary Unit Sampling” or “Dollar Unit Sampling”) to select samples of claims for audit testing.
  - Selecting samples of claims using recognized statistical sampling software and/or related methodologies to select the sample on a systematic basis where the probability of selection is proportional to the size of the claim.
  - Where the inspector determines it to be appropriate, stratifying the Population into sub-populations (known as "strata") where 100 percent of the claims in the stratum, or a sample of claims in the stratum, may be selected and examined.
  - Selecting samples of claims with the objective of generating an estimate of the overpayment amount with a 90 percent confidence level.
  - Preparing an estimate of overpayments in the population by calculating the average exception rate of all claims in the sample and extrapolating by applying the exception rate to the dollar value of the pharmacy's claims population. If the population is examined in two or more strata, separate exception rates are calculated from each stratum's sample and applied to each stratum's sub-population.

Draft Audit Report

- PharmaCare Audit prepares a Draft Audit Report for all audits it performs.
- The Draft Audit Report identifies:
  - the results of the audit and the methodologies used to determine the results.
  - any audit recovery due to disallowed claims and the methodology used to calculate the recovery.
- Providers have 30 days to respond to Draft Audit Reports by:
  - providing information or documentation in support of disallowed claims;
  - identifying potential recovery calculation errors;
  - providing additional information that may be relevant, or that might have been overlooked during the audit.
- Provider responses to Draft Audit Reports are reviewed by PharmaCare Audit and the PharmaCare Audit Review Committee and are considered, in all or in part, for inclusion in the Final Audit Report.

Final Audit Report

- The audit may be concluded with no further action or with a required recovery of funds.
- In the event of a recovery of funds, the covering letter of the Final Audit Report outlines the repayment options.
- Repayment is pursued in the manners established in the Audit Recoveries policy.

- Results of audits may be referred to the College of Pharmacists of BC or other regulatory bodies, if appropriate.

Confirmation Letter Program

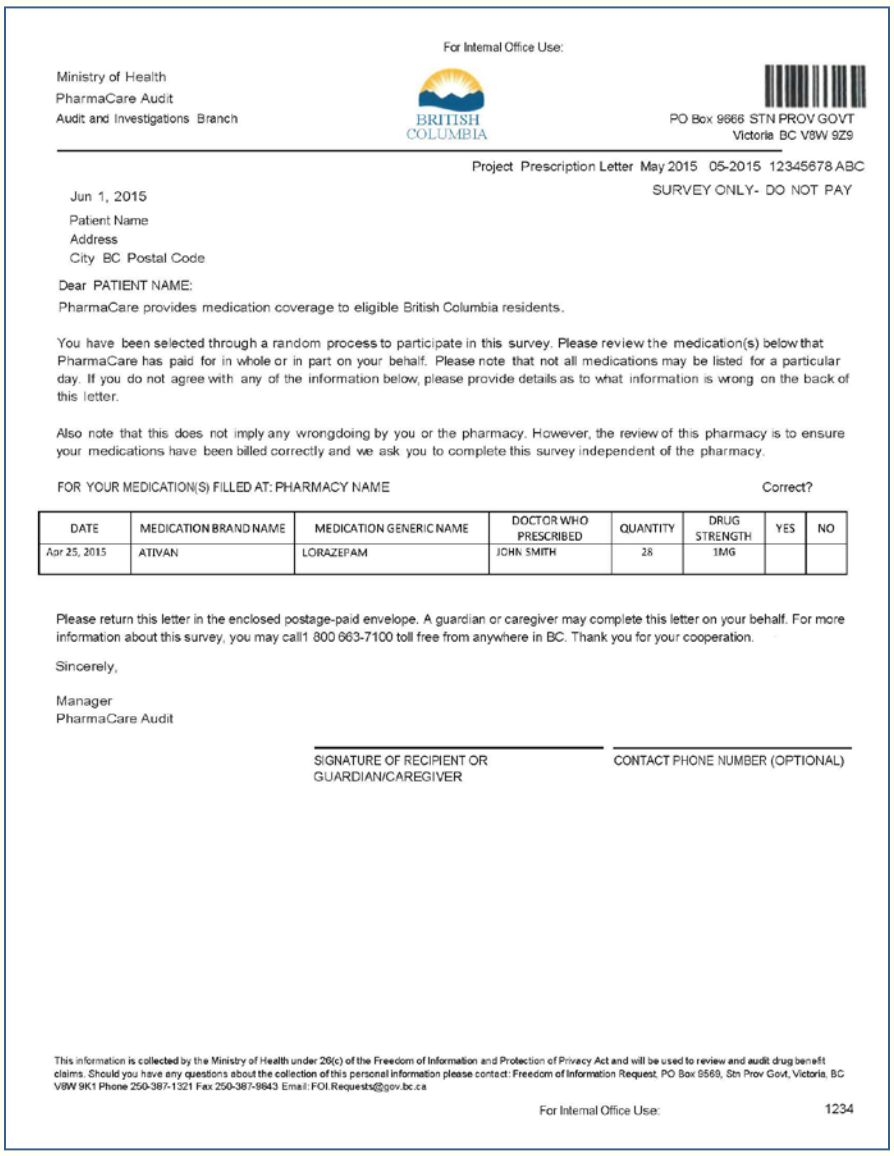
- The Confirmation Letter Program is used to randomly or selectively confirm PharmaCare claims information with patients or physicians.

Random Confirmation Letters

- PharmaCare Audit mails a confirmation letter to a random sample of patients selected from a random sample of pharmacies.
- The letter requests confirmation that the patient has received the medications or services that PharmaCare claims data identifies as having been dispensed to the patient in the previous months (refer to the sample confirmation letter below).
- Results from returned confirmation letters are compiled and anomalies reported by patients (e.g., medications a patient indicates were not received) are investigated.

Select Confirmation Letters

- Select confirmation letters may be used to support provider audits at the discretion of PharmaCare Audit.
- Letters may be mailed to physicians or patients to verify PharmaCare claims information.
- Results from returned confirmation letters are compiled and included in the audit file.



For Internal Office Use:

Ministry of Health
PharmaCare Audit
Audit and Investigations Branch

BRITISH COLUMBIA

PO Box 9866 STN PROV GOVT
Victoria BC V8W 9Z9

Project Prescription Letter May 2015 05-2015 12345678 ABC

SURVEY ONLY- DO NOT PAY

Jun 1, 2015

Patient Name
Address
City BC Postal Code

Dear PATIENT NAME:

PharmaCare provides medication coverage to eligible British Columbia residents.

You have been selected through a random process to participate in this survey. Please review the medication(s) below that PharmaCare has paid for in whole or in part on your behalf. Please note that not all medications may be listed for a particular day. If you do not agree with any of the information below, please provide details as to what information is wrong on the back of this letter.

Also note that this does not imply any wrongdoing by you or the pharmacy. However, the review of this pharmacy is to ensure your medications have been billed correctly and we ask you to complete this survey independent of the pharmacy.

FOR YOUR MEDICATION(S) FILLED AT: PHARMACY NAME Correct?

DATE	MEDICATION BRAND NAME	MEDICATION GENERIC NAME	DOCTOR WHO PRESCRIBED	QUANTITY	DRUG STRENGTH	YES	NO
Apr 25, 2015	ATIVAN	LORAZEPAM	JOHN SMITH	28	1MG		

Please return this letter in the enclosed postage-paid envelope. A guardian or caregiver may complete this letter on your behalf. For more information about this survey, you may call1 800 663-7100 toll free from anywhere in BC. Thank you for your cooperation.

Sincerely,

Manager
PharmaCare Audit

SIGNATURE OF RECIPIENT OR GUARDIAN/CAREGIVER

CONTACT PHONE NUMBER (OPTIONAL)

This information is collected by the Ministry of Health under 26(c) of the Freedom of Information and Protection of Privacy Act and will be used to review and audit drug benefit claims. Should you have any questions about the collection of this personal information please contact: Freedom of Information Request, PO Box 9569, Stn Prov Govt, Victoria, BC V8W 9K1 Phone 250-387-1321 Fax 250-387-9843 Email: FOI.Requests@gov.bc.ca

For Internal Office Use: 1234

Tools and Resources

- Pharmaceutical Services Act
- Provider Regulation
- *Pharmacy Operations and Drug Scheduling Act*
- Pharmacy Operations and Drug Scheduling Act Bylaws