Health plans that offer Medicare Part D benefits often utilize Pharmacy Benefit Managers (PBMs) to administer various functions related to their Part D drug programs. The relationship between health plans and their delegated PBMs has been one of the major focus areas of the Centers for Medicare and Medicaid Services (CMS), as well as the Office of the Inspector General (OIG). Consequently, health plans have to be prepared to withstand this scrutiny by demonstrating proper oversight and audit of their PBMs.

The accumulating cost of noncompliance and inefficiency caused by a health plan’s PBM arrangement is certainly something that health plans who utilize PBMs must be aware of and take preventative measures against. Since most health plans are expected to have robust oversight of their PBM’s operations, risks to the financial, operational, and compliance standing of your health plan are ones that you cannot afford to take. FTI Consulting can assist health plans with determining whether your PBM is meeting regulatory and contractual requirements by offering a comprehensive suite of PBM review services to best suit your health plan’s particular needs.

FTI Consulting can tailor a review program with some or all of the following review services:

**FORMULARY ADMINISTRATION**
CMS has made the design, approval, and ongoing administration of Part D plan benefits and formularies a top compliance concern by including protocols for it in Compliance Program Effectiveness (CPE) reviews. FTI Consulting can help by measuring the extent to which the PBM has systems, policies, procedures, and processes in place to support their Part D plans’ CMS approved formulary files in the following areas:

- Pharmacy and therapeutics committee documentation
- System edits around use of Prior Authorization, Step Therapy Quantity Limits and other Drug Utilization Management edits
- Compliance with CMS’ transition fill and associated notification requirements
- Compliance with coverage determination, appeals, and grievance requirements
- Testing of rejected and paid claims and case files to determine compliance with “protected class” and other drug types when applying claim system edits and controls

**FORMULARY REBATE REVIEW**
FTI Consulting professionals can measure the ability of a PBM to effectively bill and collect all rebate dollars due to health plans based on contracts with pharmaceutical manufacturers, obtain and recover rebate amounts, comply with governmental pricing and transparency rules, comply with CMS Direct and Indirect Remuneration (DIR) guidance, in addition to other rebate reporting requirements.

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**Service Highlights**

- FTI Consulting professionals have performed reviews of all of the large and mid-tier PBMs nationwide and have extensive experience in understanding how they operate and what the functional requirements are for a compliant and effective PBM operation.
- FTI Consulting PBM review experience includes assessment of all functions delegated to PBMs such as claims processing, appeals and grievances, rebate administration, drug pricing, drug utilization management and clinical operations and PDE reporting.
- Led by our managed care industry experts, we are able to draw on the vast resources of FTI Consulting, bringing practical, hands-on experience to each phase of an engagement.
FTI Consulting can also assess the types of rebates (base or incentive) that are available and clarify which rebates are to be passed through to the health plan sponsor by performing a 100% review of all rebate transactions to ensure that the plan sponsor is getting all rebate dollars due.

**PHARMACY CLAIMS REVIEW**

FTI Consulting will review the process, systems, and data management utilized by the PBM to adjudicate pharmacy claims. FTI Consulting professionals can review the PBM’s claims processing by performing an electronic “re-pricing” of the plan sponsor’s claims history and ensure that the PBM is applying the correct drug unit pricing, in addition to other formulas as per the PBM contract. By reviewing the data, we can ascertain patterns of potential fraud, waste, and abuse. FTI Consulting can also perform detailed testing of a random sample of claims to ensure proper handling of mail versus retail claims, eligibility, duplicate flagging, formulary compliance, fraudulent claims, explanations of benefits, and True Out-Of-Pocket (TrOOP) calculations.

**PRESCRIPTION DRUG EVENT DATA REVIEW**

FTI Consulting professionals can assess a PBM’s accuracy and compliance with creating Prescription Drug Event (PDE) data. By conducting reconciliations between PDE records and the source claims data used to create them, FTI Consulting can ensure that all claims are appropriately submitted to CMS in order to maximize reimbursement, review the processes implemented to generate PDE data to ensure compliance with CMS requirements, identify the final disposition of claims so that all adjustments and reversals are accurate and accounted for, and validate PDE specific data such as Covered Plan Paid Amount (CPP) and Gross Drug Cost Above Out-of-Pocket Threshold (GDCA). Furthermore, FTI Consulting will also review the process and procedures utilized by the PBM to determine whether they are sound and conducive to accurate reporting.

**EXPERIENCE AND BENEFITS**

FTI Consulting’s group of managed care and life sciences industry experts bring in-depth knowledge of all aspects of the pharmaceutical supply chain, prescription drug pricing, and Medicare regulatory compliance to the engagement. The team includes former compliance officers of major Managed Care, Medicare Advantage, and Part D organizations, former healthcare auditors, as well as managed care and pharmaceutical industry experts.

The FTI Consulting team has performed numerous PBM claims and formulary rebate reviews as well as helped many Part D plans with preparing for and responding to CMS formulary administration audits and Corrective Action Plans. We have also performed extensive pharmacy benefit design and system testing, PBM transition and system migration services, and Part D operational process reviews of all major PBMs. Lastly, the FTI Consulting team has helped a large health plan migrate from an external to an internal PBM by conducting extensive pre- and post-claims conversion, and benefit testing for all commercial and Medicare Part D claim elements.

The benefits that FTI Consulting clients have had from our PBM review include:

- Meeting CMS regulatory compliance requirements of having effective oversight of contracted first tier, downstream, and related entities for functions such as formulary administration and claims and rebate processing and other clinical programs
- Increasing recovery of dollars received under the claims cost savings and rebate terms of the PBM contract
- Meeting CMS regulatory requirements for reporting transparency and reporting of 100 percent of applicable rebates and administrative fees related to formulary rebates
- Mitigating the risks associated with fines, penalties, or regulatory actions in the case of violations and the impact that such findings can have on plan performance