



**State of North Carolina
State Health Plans for Teachers
and State Employees
Pharmacy Benefit Audit**

January 1, 2023 – December 31, 2023

Thursday, October 24, 2024

Today's Agenda



Myers and Stauffer – Introduction

Pharmacy Benefit Manager Audit Components and Results

Questions

North Carolina Core Audit Services

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Plan Design Accuracy Audit

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AWP Accuracy Audit

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Pricing Guarantee
Accuracy Audit

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Invoice Reconciliation

5

Rebate Audit (**In progress**)

6

MAC List Reconciliation &
MAC Analysis

Plan Design Accuracy Audit



Validate correct adjudication of claims in accordance with plan design, benefit provisions, and systems edits



Results of 2023 Audit:

- Claims for several drug exclusion categories were not excluded from the benefit
- Claims requiring clinical review were not subject to a clinical review
- Claims requiring prior authorization were filled without the proper prior authorization requirements

Average Wholesale Price (AWP) Accuracy Audit



Conducted quarterly with an annual reconciliation of 100% of paid claims to validate the correct application of AWP



Results of 2023 audit

- **Quarterly:**
 - AWP unit costs were appropriately applied at the claim level
- **Annual:**
 - AWP unit costs were appropriately applied at the claim level

Pricing Guarantee Accuracy Audit



Conducted quarterly and annually to validate aggregate discounts, dispensing fees, and rebate guarantees achievement and any true-up payments due the Plan



Results of 2023 audit

- **Quarterly:**
 - Certain claim types were inappropriately excluded by the PBM
- **Annual:**
 - Certain claim types were inappropriately excluded by the PBM

Invoice Reconciliation



Conducted quarterly with annual reconciliation utilizing 100% of paid claims to validate invoiced amounts correspond to paid claims



Results of 2023 audit

- **Quarterly:**
 - Invoices tie to the paid claims data
- **Annual:**
 - Invoices tie to the paid claims data

Rebate Audit – In progress



Validate correct application of rebates to top 10 mfg contracts by \$ volume



Review Methodology:

- Myers utilizes 100% paid claims and compares to PBM Rebate file
- Onsite rebate contract review conducted to determine whether all terms honored
- Reconciliation of rebate guarantees conducted at the claim level to ensure proper reporting
- Payment reconciliation to ensure proper pass-through of rebate dollars

Maximum Allowable Cost (MAC) Reconciliation



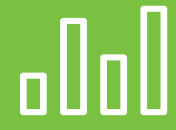
Conducted quarterly with annually to compare paid claims MAC prices to PBM's MAC list prices in effect on date of service



Results of 2023 audit

- **Quarterly:**
 - MAC unit costs were appropriately applied at the claim level
- **Annual:**
 - MAC unit costs were appropriately applied at the claim level

Top 50 MAC List Comparison



Analyzed the claims data by GPI to determine the top 50 MAC drugs utilized by number of claims dispensed. The average ingredient costs for the top 50 MAC drugs were compared to the North Carolina SMAC, National Average Drug Acquisition Cost (NADAC), AWP, and average acquisition cost (AAC), if unit pricing was available based on the GPI. We compared the NC SMAC, NADAC, AWP, and AAC to the MAC price utilized for the top 50 drugs to determine if MAC pricing was optimal.



Results of 2023 audit

- **Quarterly:**
 - The lowest unit cost source applied to the top 50 MAC drugs by claim count was the SMAC.
 - The AAC and NADAC provided the second and third lowest unit cost compared to the CVS/Caremark MAC.
 - The AWP pricing source resulted in higher unit costs when compared to the CVS/Caremark MAC.
 - The NADAC is an average unit cost derived by drug acquisition costs submitted by retail pharmacies.
- **For Quarter 4:**
 - 23 of top 50 drugs had MAC prices lower than NADAC
 - 27 of top 50 drugs had MAC prices higher than NADAC

MAC Price Analysis

Independent to Chain Pharmacy Comparison



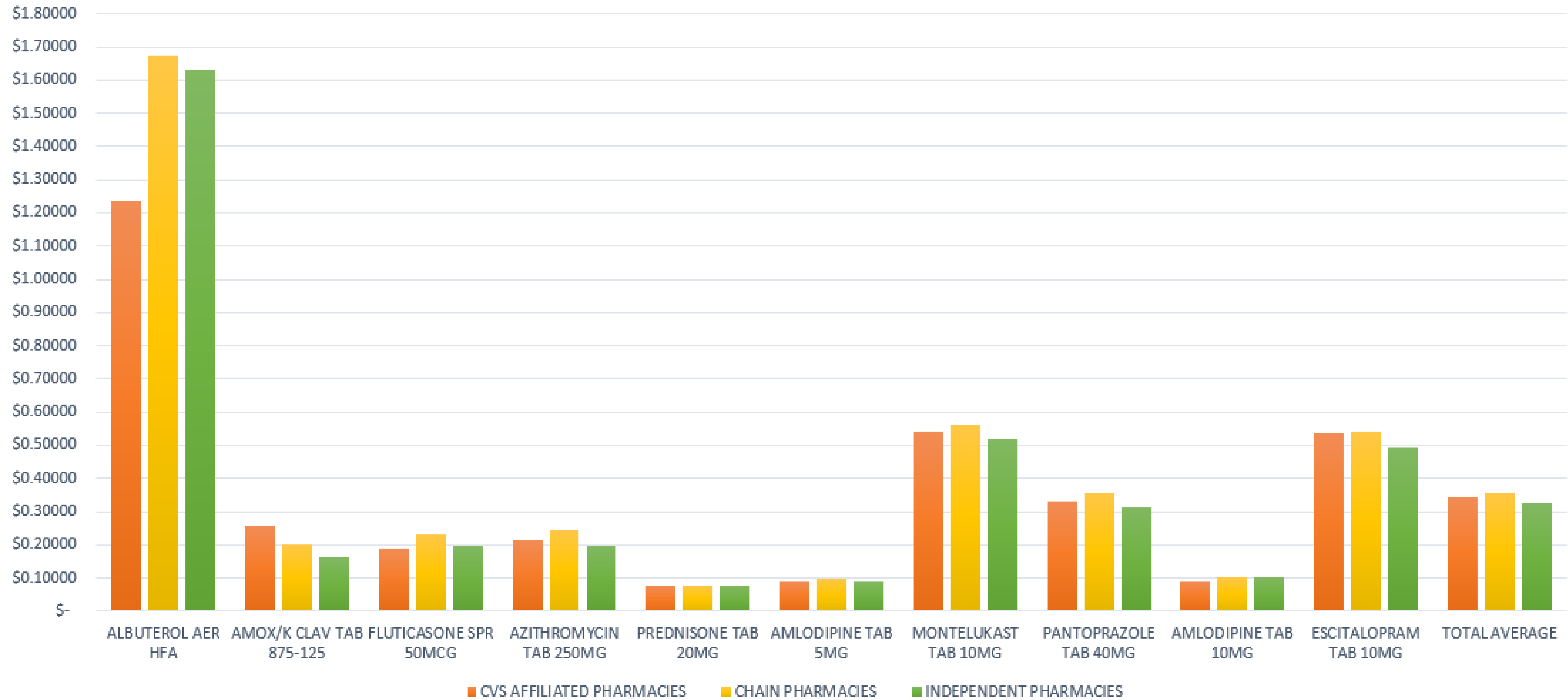
Independent to Chain pharmacy MAC comparison

- **The review criteria consisted of:**
 - Prescription claims filled in Quarter 4 2023 and priced with MAC
 - Focused on the top 10 MAC drugs by claim utilization; and
 - Independent and Chain pharmacies were required to fill all 10 of the MAC drugs

MAC Price Analysis

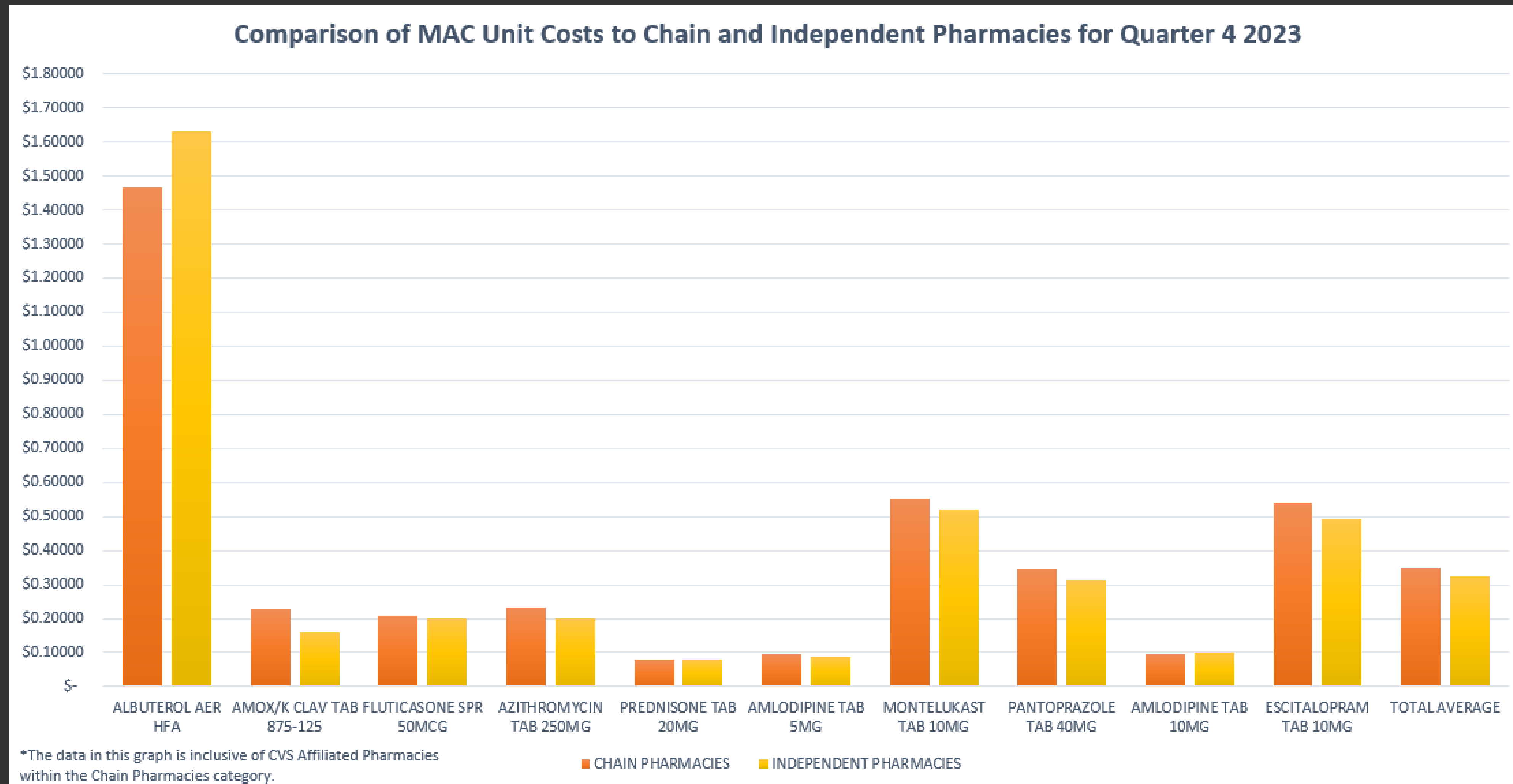
Independent to Chain Pharmacy Comparison

Comparison of MAC Unit Costs between CVS Affiliated, Chain, and Independent Pharmacies for Quarter 4 2023



MAC Price Analysis

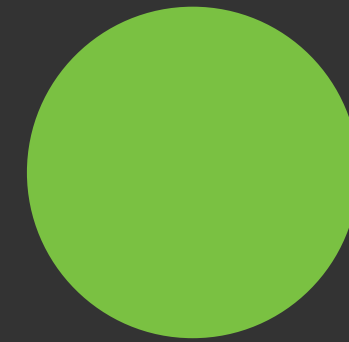
Independent to Chain Pharmacy Comparison



Q&A



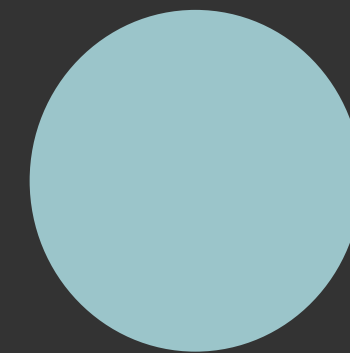
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