



SENATE OF PENNSYLVANIA BILL SUMMARY

House Bill 946 Printer's No. 3707

Prime Sponsor: Baker
Committee: Banking and Insurance

SYNOPSIS:

Establishes the Pharmacy Audit Integrity Act

SUMMARY:

Creates auditing procedures and limitations for any audit of pharmacy records conducted by a managed care company, third-party payer, pharmacy benefits manager, a health program administered by a department of the Commonwealth or any entity that represents a company, group or department.

Procedures

- An auditing entity conducting a pharmacy audit may only have access to a pharmacy's previous audit report if the report was prepared by an auditing entity.
- Any information collected during pharmacy audit shall be confidential.
- No auditing entity shall compensate any employee or contractor solely based on the amount claimed or the actual amount recouped.
- The auditing entity shall provide the pharmacy at least 10 days written notice before conducting an audit. The pharmacy can request delay (at least 5 days in advance) of the audit for up to 30 days, one time per year.
- The auditing entity may not initiate or schedule an audit in the first five business days of the month for any pharmacy that averages in excess of 600 prescriptions per week.
- The auditing entity shall accept paper or electronic signature logs.
- The auditing entity shall provide the pharmacy a complete list of records at the conclusion of the audit.
- An audit that involves clinical judgement shall be conducted in consultation with a pharmacist.
- An audit shall not cover more than 24 months after the date a claim was submitted or more than 250 prescriptions.
- An auditing entity shall not use extrapolation to calculate penalties or amounts to be charged back or recouped.
- An auditing entity shall not include dispensing fees to calculate overpayments unless a prescription is considered a "misfill."

An auditing entity shall provide the pharmacy with a written report of the pharmacy audit. A preliminary report must be delivered to the pharmacy within 60 days after the completion of the audit.

The pharmacy is allowed 30 days following the receipt of the preliminary audit report to respond to the findings of the preliminary report. A final audit report shall be delivered to the pharmacy or its corporate parent not later than 60 calendar days after any responses from the pharmacy or corporate parent are received by the auditing entity.

No pharmacy shall be subject to charge-back or recoupment for clerical or recordkeeping error unless the error resulted in overpayment to the pharmacy.

If an identified discrepancy in an audit exceeds \$25,000, future payments in excess of that amount may be withheld pending adjudication of the appeal.

Interest shall not accrue during the audit period, beginning with the notice and ending at the conclusion of the appeals process.

An auditing entity shall establish an appeals process.

The provisions of this act shall not apply in the event of fraud, waste and abuse, other intentional misconduct or when a pharmacy has engaged in criminal misconduct.

The Department of Insurance shall have authority to take action, impose penalties and promulgate regulations necessary to carry out this act.

Effective Date: 90 days

BILL HISTORY:

Amended in House Health Committee and on the House Floor. Passed the House unanimously on July 1, 2016

Prepared by: Logue 9/26/2016