



## SENATE OF PENNSYLVANIA BILL SUMMARY

### Senate Bill 668 Printer's No. 1734

Prime Sponsor: Alloway  
Committee: Banking and Insurance

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#### **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

- The pharmacy contract must describe in detail, the auditing procedures.
- The auditing entity shall provide the pharmacy at least 30 days written notice before conducting an audit. The pharmacy can request delay (at least 10 days in advance) of the audit for up to 30 days, one time per year.
- An audit shall not cover more than 12 months after the date a claim was submitted or more than 100 prescriptions.
- No auditing entity shall compensate any employee or contractor based on the amount claimed or the actual amount recouped.
- 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.
- An auditing entity shall not recoup payment for a prescription which has been used by the patient in accordance with the prescriber's instructions.
- The auditing entity may not initiate or schedule an audit in the first three business days of the month.
- The pharmacy's usual and customary price for compounded medications shall be considered the reimbursable cost unless the pricing methodology is published in the provider contract and mutually agreed upon by the contacting parties.
- If a PBM approves a claim through adjudication, the auditor may not retroactively deny or modify the claim based upon retroactively obtained ineligible information, unless the claim was fraudulent.

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 60 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 120 calendar days after receipt of the preliminary audit report or final appeal.

An auditing entity shall establish an appeals process.

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:**

Prepared by: Logue 9/26/2016