



STATE OF WISCONSIN
Department of Employee Trust Funds

David A. Stella
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax (608) 267-4549
TTY (608) 267-0676
<http://etf.wi.gov>

CORRESPONDENCE MEMORANDUM

DATE: January 18, 2008
TO: Group Insurance Board
FROM: Bill Kox, Director, Health Benefits and Other Insurance Programs
Arlene Larson, Manager, Self-Insured Health Plans
SUBJECT: Third Party Audit of Navitus Health Solutions

The Department of Employee Trust Funds (ETF) retained CGI Technologies & Solutions Inc. (CGI), a subcontractor of Claim Technologies Incorporated, to conduct an audit of Navitus Health Solution's (Navitus) administration of the self-insured prescription drug program for calendar years 2004 and 2005. CGI has completed its audit and submits the attached reports, including an executive summary and the analysis of the audit. Navitus' response is also attached.

The CGI report and Navitus response letter is provided for the Board's information only. No action is required.

Overall, Navitus is performing very well. The audit covered 7,719,156 paid claims totaling \$361,014,774 in 2004 and 2005. The audit found an observed accuracy rate between 99.92% and 99.93%. In its broadest measure, Navitus is at the top of the highest quartile when compared with other CGI clients.

CGI has validated accurate processing by Navitus of most processes, including the administration of rebates for the program. However, there are findings in a few areas where process improvements could be made. After an electronic audit of all claims, CGI found a maximum exposure amount between \$251,910 and \$295,536, due to unresolved discrepancies.

Navitus responded that it was pleased with the findings and is committed to improvement (see attached letter).

The following items reviewed findings related to duplicate claims, early prescription refills, and prescriptions filled for a gender where it is not indicated as a treatment. Staff has reports detailing the auditor's findings that are available to the Board upon request.

1. CGI found potential duplicate retail claims that appeared to be filled twice within four days. CGI found \$120,978 from 3,510 claims, for which the Trust Fund was liable, that appeared to have been paid as duplicates. Navitus performed an analysis of claims processed during a representative month (May 2005) and determined that no reviewed claims had been paid as duplicates. Rather, they had been processed with an appropriate pharmacist override.

Reviewed and approved by Tom Korpady, Division of Insurance Services.

Signature Date

Board	Mtg Date	Item #
GIB	2/12/2008	3

Navitus states (see attached letter) that its practice for managing duplicate claims offers adequate protection against duplicate claims and at the same time allows the pharmacist to make appropriate clinical judgements that are within the scope of his/her practice. The auditor found that, in reviewing the representative sample, each claim was reviewed appropriately and no duplicates were found. Staff believes this is an indication that Navitus' process is appropriate.

In addition, analysis of the data by Navitus showed that some pharmacies were using this process to manage coordination of benefits (COB) for prescription drugs for some members who had two policies under the state. Navitus believes that this is not the most appropriate method for submitting COB information, and will contact these pharmacies.

2. During analysis of early prescription refills, CGI found that 10,015 retail and 104 mail order claims appeared to have been filled prior to established refill parameters, which could lead to situations where patients could stockpile prescription drugs. This can be an issue for those who are losing eligibility and therefore receiving prescription coverage inappropriately after their termination dates. The value of this finding was \$111,551. This finding is similar to the duplicate claim finding, described above. It also is controlled by the pharmacist and allowed for override if determined to be appropriate for the patient. Navitus submitted screen prints of 374 sample retail claims to CGI for verification, and it was found that, as with duplicate claims, the override appears to have been appropriately managed by the pharmacist. As such, CGI accepted the documentation and eliminated the finding for the 374 claims. However, CGI did not remove the remainder of the finding without specific claim-by-claim documentation. Staff feels that the representative sample is sufficient and a complete review of these claims would not be necessary or cost effective. Staff will continue to discuss opportunities for improvement with Navitus.
3. CGI discovered non-matched gender prescriptions where members of one gender appeared to be receiving prescriptions that CGI notes should not be utilized by that gender. CGI identified 1,254 claims valued at \$50,514 that appeared to be provided to a gender that was not indicated for its use. A sample of the top ten highest cost utilizers of either gender was sent to Navitus for review. Navitus did find errors and noted that it had incorporated system edits to review for gender-based prescriptions on November 16, 2005. In addition, Navitus will implement an edit for Proscar and consider additional edits for other prescriptions. Staff will work with Navitus to determine if additional gender edits would be advisable.

Other findings were for relatively small dollar amounts, approximately \$15,000 or less. In addition, when comparing Navitus to other vendors, Navitus performed at a level of 99.95% or higher. These findings include:

- Duplicate claims where it appears drugs were dispensed within the same drug classification in an overlapping time frame.
- Excessive quantities appeared to have been dispensed, beyond utilization guidelines.
- Four specifically non-covered drugs were covered.
- Drug-seeking behavior occurred and was not controlled to CGI's satisfaction.
- Drugs appeared to have been dispensed exceeding the package size.
- Invalid Drug Enforcement Administration (DEA) numbers were used by certain providers.

In many categories Navitus was ranked at 99.99%. These findings are described throughout the detail of the audit. Navitus noted in its response letter that several identified areas will be added to its internal auditing protocol for future review.

Staff feels that these findings will help Navitus continue to improve its documentation strategies. We plan to work with Navitus to determine what changes should be made to further enhance performance.

It should be noted the auditor's observed accuracy for claim payment rate was between 99.92% and 99.93%, exceeding Navitus' performance standard under the contract, which is 99.5%.

In summary, Navitus has performed very well and the maximum exposure following an electronic audit of all claims results in an observed error rate of approximately .07%. Staff will work with Navitus to determine cost-effective changes for those areas targeted for improvement.