



## **EL DORADO COUNTY GRAND JURY 2010-2011**

### **COUNTY PRESCRIPTION DRUG CARE PLAN**

Case Number GJ010-004

#### **REASON FOR REPORT**

The El Dorado County (EDC) Grand Jury received a referral from the 2009-2010 Grand Jury regarding the potential abuse of EDC health care prescription service for County employees. The concern was that proper safeguards were not in place to monitor and prevent fraud and abuse which represented a significant potential cost to the County.

#### **BACKGROUND**

Caremark LLC is one of the largest national prescription service providers. Caremark and EDC executed a prescription services contract in June 2007 for one year, which is annually renewable unless either party gave notice of intent to terminate the contract. The annual cost of the contract was \$3,136,480 for 2010. Under the terms of the contract Caremark would cover the cost of prescriptions for a plan participant up to \$50,000 per year. EDC is self-insured for amounts above the maximum plan participant limit. The Caremark contract was annually renewed through June 2011.

In the Spring of 2010, Caremark made a presentation to the EDC Health Plan Advisory Committee. This is an ad hoc committee formed to select a plan provider for prescription drug services. It is comprised of four members from County management, four members from County unions, and chaired by the Director of the EDC Human Resources Office. The purpose of the presentation was to propose an Enhanced Safety and Monitoring Program to identify patterns of potential overuse or misuse of prescription drugs by plan participants.

About the time this plan amendment was discussed, it was determined that one employee of EDC was receiving an alarming amount of highly addictive prescription medication totaling roughly \$50,000 per month. This employee's prescription costs were tracked for a period of at least four years and amounted to \$2.4 million. This circumstance was a significant factor in EDC executing the Enhanced Safety and Monitoring Program with Caremark in June 2010. The cost of adding this plan amendment in 2010 was \$49,000 annually.

## **METHODOLOGY**

The current EDC Grand Jury interviewed the complainant along with several EDC staff members and elected officials:

- Members of the Board of Supervisors
- Auditor/Controller staff
- Human Resources staff
- District Attorney staff
- Health Plan Oversight Committee members

The EDC Grand Jury reviewed the following documents:

- EDC contract with Caremark (7/1/07)
- Amendment #4 to EDC contract with Caremark (7/1/10)
- Sample letters from Caremark's Monitoring and Safety Program that are sent to EDC employees and doctors when prescriptions are under scrutiny (12/2010)
- EDC health plan rates (as of 01/2011)
- EDC prescription drug report from Caremark for a six month period (July 1, 2010-December 31, 2010)

## **FINDINGS**

1. An audit was conducted by Caremark into this abnormally high use of addictive prescription medication by the EDC employee referenced above, and Caremark determined that there was no evidence of criminal or fraudulent conduct.
2. Two significant positions with EDC responsible for monitoring prescription health care services were vacated (2005 and 2007) and not backfilled. In mid-2010 the Director of the Department of Human Resources unsuccessfully attempted to monitor costs.

3. Shortly after the provision for monitoring prescription health care services was contracted at an annual cost of \$49,000, the costs for the employee declined by almost half.
4. Amendment #4 to the original contract includes safeguards to protect EDC from excessive prescription costs by providing the following programs:
  - **“Point of Sale Safety Edits Program:** *Caremark shall provide in accordance with Section 2.8 of the Agreement its automated concurrent Drug Utilization Review (DUR) services. The Point of Sale Safety Edits Program is necessarily limited by the amount, type and accuracy of Plan Participant information made available to Caremark.*
  - **Retrospective Safety Review Program:** *Caremark shall provide client retrospective Drug Utilization Review services, which are designed to provide appropriate clinical information concerning plan participant drug utilization for specific prescriptions. Caremark shall provide Prescribers with a Plan Participant-specific communication that identifies clinical issue and suggests alternative therapies, as appropriate.*
  - **Safety and Monitoring Solution Program:** *“On a calendar quarterly basis Caremark shall evaluate claims for patterns of potential overuse or misuse, including without limitation, the use of multiple Prescribers or multiple pharmacies. For circumstances that Caremark identifies patterns of potential overuse or misuse, Caremark may provide Prescribers or pharmacies with written notice of such issues.”*

## RECOMMENDATION

1. EDC should ensure that all future health care prescription service contracts include a strong provision for monitoring waste, fraud and abuse.

## RESPONSES

Responses are not required.