

REFERENCE TITLE: pharmacy audits; requirements; limitations

State of Arizona  
House of Representatives  
Forty-eighth Legislature  
Second Regular Session  
2008

# HB 2581

Introduced by  
Representative Stump

AN ACT

AMENDING TITLE 20, CHAPTER 20, ARIZONA REVISED STATUTES, BY ADDING SECTION 20-3103; RELATING TO TIMELY PAYMENT OF CLAIMS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2 Section 1. Title 20, chapter 20, Arizona Revised Statutes, is amended  
3 by adding section 20-3103, to read:  
4 20-3103. Pharmacy audits; adjustments; definitions  
5 A. AN ENTITY THAT ADJUSTS PAYMENTS TO A PHARMACY BASED ON AN AUDIT  
6 SHALL CONDUCT AN AUDIT OF A PHARMACY:  
7 1. BASED ON A CONTRACT THAT IDENTIFIES AND DESCRIBES IN DETAIL THE  
8 AUDIT PROCEDURES.  
9 2. UNDER THE SAME STANDARDS AND PARAMETERS AS OTHER SIMILARLY SITUATED  
10 PHARMACIES THAT ARE AUDITED BY THE ENTITY.  
11 3. BY OR IN CONSULTATION WITH A PHARMACIST WHO IS LICENSED IN THIS  
12 STATE IF THE AUDIT INVOLVES CLINICAL OR PROFESSIONAL JUDGMENT.  
13 B. AN ENTITY THAT CONDUCTS AN ON-SITE AUDIT, FOR EACH AUDIT CYCLE,  
14 SHALL GIVE THE PHARMACY WRITTEN NOTICE OF THE ON-SITE AUDIT AT LEAST THIRTY  
15 DAYS BEFORE CONDUCTING THE INITIAL ON-SITE AUDIT.  
16 C. THE ENTITY CONDUCTING THE AUDIT:  
17 1. MAY NOT RECEIVE PAYMENT BASED ON A PERCENTAGE OF THE AMOUNT  
18 RECOVERED BY THE AUDIT.  
19 2. SHALL NOT INITIATE OR SCHEDULE THE AUDIT DURING THE FIRST SEVEN  
20 CALENDAR DAYS OF ANY MONTH, UNLESS THE PHARMACY CONSENTS TO AN AUDIT DURING  
21 THIS PERIOD.  
22 3. SHALL BASE A FINDING OF AN OVERPAYMENT OR UNDERPAYMENT ON THE  
23 ACTUAL OVERPAYMENT OR UNDERPAYMENT AND MAY NOT PROJECT A FINDING OF AN  
24 OVERPAYMENT OR UNDERPAYMENT ON THE NUMBER OF PATIENTS SERVED HAVING A SIMILAR  
25 DIAGNOSIS OR ON THE NUMBER OF SIMILAR ORDERS OR REFILLS FOR SIMILAR DRUGS.  
26 4. SHALL NOT INCLUDE THE DISPENSING FEE AMOUNT IN A FINDING OF AN  
27 OVERPAYMENT.  
28 D. A PHARMACY MAY USE THE RECORDS OF A HOSPITAL, PHYSICIAN OR OTHER  
29 AUTHORIZED PRACTITIONER OF THE HEALING ARTS FOR DRUGS OR MEDICINAL SUPPLIES  
30 THAT ARE WRITTEN OR TRANSMITTED BY ANY MEANS OF COMMUNICATION IN ORDER TO  
31 VALIDATE THE PHARMACY RECORD RELATING TO ORDERS OR REFILLS OF A LEGEND OR  
32 NARCOTIC DRUG.  
33 E. A PHARMACY'S USUAL AND CUSTOMARY PRICE FOR COMPOUNDED MEDICATIONS  
34 IS CONSIDERED THE REIMBURSABLE COST UNLESS AN ALTERNATE PRICE IS PUBLISHED IN  
35 THE PROVIDER CONTRACT AND SIGNED BY BOTH PARTIES.  
36 F. ANY CLERICAL OR RECORD-KEEPING ERROR, INCLUDING A TYPOGRAPHICAL  
37 ERROR, SCRIVENER'S ERROR OR COMPUTER ERROR, REGARDING A REQUIRED DOCUMENT OR  
38 RECORD DOES NOT CONSTITUTE FRAUD, BUT THESE CLAIMS MAY BE SUBJECT TO  
39 RECOUPMENT. THESE ERRORS ARE NOT SUBJECT TO CRIMINAL PENALTIES WITHOUT PROOF  
40 OF INTENT TO COMMIT FRAUD.  
41 G. FOR THE PURPOSES OF THIS SECTION:  
42 1. "ENTITY" MEANS A MANAGED CARE COMPANY, A NONPROFIT HOSPITAL OR  
43 MEDICAL SERVICE ORGANIZATION, AN INSURANCE COMPANY, A THIRD-PARTY PAYOR, A  
44 PHARMACY BENEFITS MANAGER OR ANY OTHER ORGANIZATION THAT REPRESENTS THESE  
45 COMPANIES, GROUPS OR ORGANIZATIONS.  
46 2. "PHARMACY" HAS THE SAME MEANING PRESCRIBED IN SECTION 32-1901.