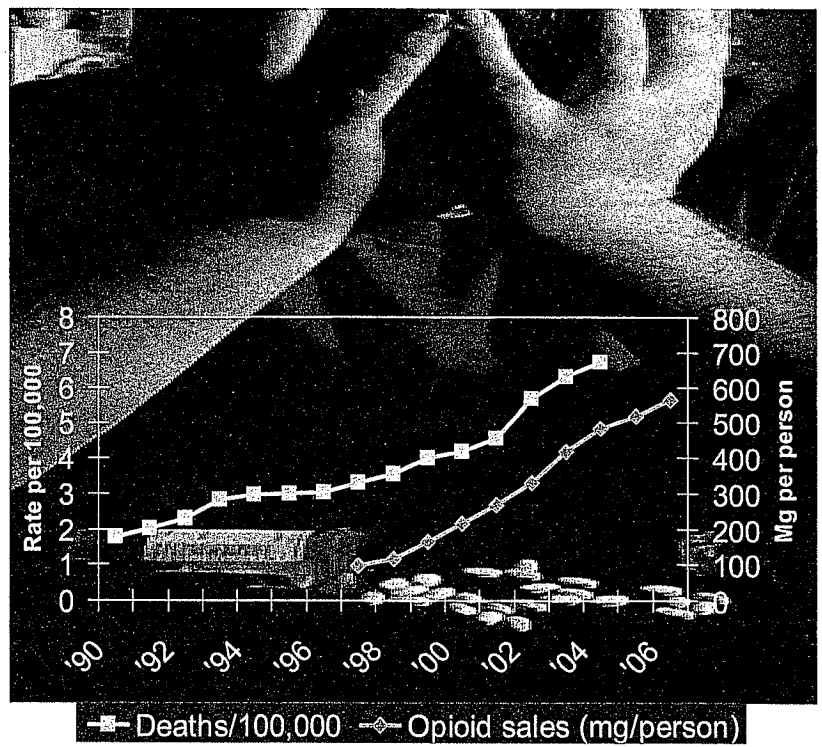
A Prescription for Fraud

Outdated State Laws Leave the Door Open for Prescription Drug Fraud, Diversion and Abuse



In The News

NPDTA 2009: Deaths, Treatment Admissions for Controlled Prescription Medications Rising

The National Prescription Drug Threat Assessment 2009 was released May 20 by Gil Kerlikowske, Director of National Drug Control Policy. The report finds pharmaceutical crimes pose a serious threat to public health and safety, with unintentional overdoses and treatment admissions involving prescription opioids increasing significantly over a four-year period. Among other key findings:

- Controlled Prescription Drug (CPD) abuse is most prevalent among young adults.
- Unintentional overdose deaths involving prescription opioids increased 117 percent between 2001 (3,944) and 2005 (8,541), the most recent year data is available.
- There were approximately 6.9 million current (past month) non-medical users of CPDs aged 12 or older in 2007, the latest year data is available.
- Violent and property crimes associated with CPD diversion and abuse have increased over the past five years.
- The economic costs of diversion and abuse of CPDs is steep. For example, the estimated cost to public and private medical insurers is $72.5 billion a year.

Authorities Team Up On Major Heroin Bust
NBC4i.com - Columbus,OH,USA Published: May 21, 2009
By Denise Yost ASHVILLE, Ohio—Several law enforcement agencies are on the scene ... to prescription drug abuse, then addiction to oxycontin and oxycodone. ...How did heroin get such a grip on a small town in the heart of Ohio?

It's believed that drug abuse started in Ashville like it does in so many towns with marijuana users graduating to prescription drug abuse, then addiction to oxycontin and oxycodone. But oxycontin and oxycodone are costly, so they switched to heroin.

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Facts Every Public Servant Should Know

Public safety is threatened by prescription drug abuse.

- Nearly 7 million Americans abuse prescription drugs.
- The number of Americans abusing prescription drugs increased 80% between 2000 and 2006.
- In 2006, nearly 750,000 emergency department visits involved the non-medical use of pharmaceuticals.
- As much as 80% of crime has been attributed to substance abuse.

A successful health transformation must address paper.

- The DEA projects adoption of e-prescribing will only achieve 57% after 10 years. We will have a blended paper and electronic process for years to come.
- Increased security requirements on paper Rx have proven to accelerate e-Rx adoption
- Printing of e-prescriptions will provide the bridge to e-Rx
- Prescription drug monitoring programs are strengthened when an official state prescription program is established.

You can follow in the footsteps of success.

- **2006**- A New York law requiring doctors to use tamper-proof, official state prescription forms for all written prescriptions generated $140 million in Medicaid fraud savings in its first year of oversight.
- **2007**- The U.S. government estimated savings of $35 million per year when it passed legislation to require secure Medicaid prescriptions in July 2007.
- **2008**- Delaware passed a law requiring the implementation of an official prescription program similar to the New York program.

Act now to stem prescription drug fraud & abuse.

- States cannot afford to wait for to fight this epidemic.
- Delay allows the problem to grow.
- Implement an official prescription program.
- Model/Sample legislation is available.

A Call for Action

Between 1997 and 2006, the use of the five major prescrlption painkillers–the drugs most commonly abused–increased by 88%.

Efforts to reduce fraud associated with these painkillers haven't kept pace. The abuse of legal prescription drugs has not received nearly the same attention as illegal drugs. Yet, it threatens to become a scourge as insidious and destructive as the abuse of illegal drugs. The U.S. Department of Justice calls the diversion and abuse of pharmaceuticals among the "leading drug threats to the country."

"Unlike illicit drug use, which shows a continuing downward trend, prescription drug abuse . . . has seen a continual rise through the 1990s and has remained stubbornly steady . . . during recent years," said Dr. Nora D. Volkow, director of the National Institute on Drug Abuse, in a congressional hearing in March, 2008.

Many states are now considering or have implemented programs to reduce prescription fraud. None is more comprehensive than New York's. In 2006, New York began requiring that all prescriptions be written on the state's official tamper-resistant prescription forms. The benefits were immediate and impressive.

In the first year of accounting oversight, more than $100 million in Medicaid fraud savings was generated. In addition, the Bureau of Narcotic Enforcement estimates the program is also generating $75 million annually in private-sector savings through the reduction in fraudulent prescription claims to healthcare plans.

With e-prescribing on the horizon, it would be easy for states to sit back and do nothing. However, a June 2008 report by the U.S. Drug Enforcement Agency projects that in 10 years only 57 percent of the nation's healthcare providers will have adopted e-prescribing. The reality is healthcare providers will be dealing with a blend of paper and electronic prescriptions for sometime as they adapt their workflows, train their people and educate their patients in the value and necessity of electronic prescriptions and health records.

The Mind of a Criminal

In the case of prescription fraud, it is difficult to profile the criminal, as perpetrators can be found in many walks of life.

It is important to understand that, in most cases, prescription fraud offenders are anything but lazy. They are highly motivated, not only by addiction, but also by the lack of regulation that enables the lucrative practice of selling prescription drugs.

Criminals have demonstrated a pattern of targeting those states with outdated or weak laws to protect prescription drugs.

One large problem is that prescription pads have historically been printed on the same paper that is used for phone message pads. That is an invitation to prescription fraud.

How Criminals Attack Prescriptions

Prescriptions are attacked in whatever manner criminals can conceive to effect gain. The criminal attacks fall into one of three categories:

Patient Pretense

- Phone Fraud- Fake Prescriptions are phoned into pharmacies.
- Forgeries- Prescriptions are photo copied or altered.
- Counterfeit- Identity theft of physicians to create fake prescriptions including the practice of using dead doctors names to pass fake prescriptions.
- Theft- Prescription forms are stolen and used to divert drugs for profit and recreational use.

Prescriber Pretense

- Pill Mill Doctors- Doctors write prescriptions for non-medical reasons to gain a profit.

Dispenser Pretense

- Fraudulent billing- Pharmacies bill for prescriptions that do not exist to gain a profit.

Prescription fraud has never been easier

The prevalence of laptops, scanners, photo editing software and desktop printers has enabled fraud criminals to easily and skillfully alter and duplicate prescriptions.

With prescription fraud accounting for 35% of diverted drugs, it's essential that states take immediate steps. We simply cannot afford to ignore the problem, especially when one third of the 1.5 million Americans who start using prescription drugs each year are 17 or younger.

The Impact of Fraud

Seven million Americans will abuse prescription drugs this year. That's more than the number who will use heroin, cocaine, hallucinogens, Ecstasy and inhalants - combined.

Stories of prescription drug abuse fill our newspapers and our conversations. "*A seventeen-year old high school athlete dies of a drug overdose.*" "*The twins of a 30-year-old addicted mother are placed in foster care because her drug habit prevents her from caring for them.*"

Prescription drug abuse is particularly disturbing when you consider the strong lure it has for our youth. Given their perceived safety and convenient access, prescription drugs are the drug of choice among 12- and 19-year-olds in the United States.

Clearly, the costs associated with prescription drug abuse are staggering. The Drug Abuse Warning Network estimates that nearly **750,000 emergency department visits a year** involve the non-medical use of prescription drugs.

The economic consequences are no less startling. State and Federal agencies are losing millions of dollars annually through prescription drug programs in Medicaid and Medicare at a time when these programs are already heavily burdened.

Implications for Public Health & Safety

Drug diversion is not new. Morphine was diverted and abused as far back as the Civil War. But what is new and vastly different today is the growing number of prescription drugs and the number of people diverting and abusing them. The price is counted in lives, dollars and suffering.

Health Consequences

Prescription Drug overdose due to non-medical use is now the second leading cause of accidental death in the U.S. behind only car crashes. The harm to abusers is evident in the statistics showing an almost 300% increase in emergency room visits involving non-medical use of prescription drugs in recent years. The doubling of treatment admissions for abuse of pain relievers is yet another clear indication of the growing scope of the problem.

Criminal Activity

Law enforcement estimates ranges from 60% to 80% of the enforcement cases involve prescription drugs. This increases the demand for law enforcement resources or forces current resources to be diverted from other issues. The toll on our systems of criminal justice is profound and on the rise.

Economic Impact

Opioid abusers have health care costs that are roughly 8 times higher than those of non-abusers. Per-patient costs of opioid abusers were $15,884 per year, compared with only $1,830 for non-abusers.
A 2007 study commissioned by the Coalition Against Insurance Fraud "*PRESCRIPTION FOR PERIL How Insurance Fraud Finances Theft and Abuse of Addictive Prescription Drugs*" estimates that drug diversion costs all insurers about $72.5 billion each year.

The Lost Generation

The problem of prescription drug abuse among our current youth has become so prevalent that some are calling them ***Generation Rx***. Even though the family medicine cabinet provides a readily accessible source of prescription drugs for young people, it's only the starting line. Once addicted, the pills at home run out and the expense really begins in terms of drugs and impact on their lives.

Take from the Greedy Give to the Needy

Even a casual review of the current situation reveals compelling reasons to take action to protect the public safety and reduce the cost of prescription fraud. For example, the State of New York has implemented an end-to-end solution that identifies criminal or fraudulent transactions before the prescription drugs leave the pharmacy.

New York Program Review

New York had 2005 Medicaid disbursements of $40.5 Billion.

- Projected Medicaid fraud, waste, and abuse based on 2005 was between $1.2 Billion and $4 Billion
- Medicaid reported savings for January through May of 2007: $68 Million (340 million to 6.8 billion street value) http://www.nampi.org/members/2007%20presentations/sandiegopresentations.html (see presentation #4)

How Much Can Your State Save?

- NY documented $68 million saving in 6 months due to secure issuance Rx program ($136 million per year)
- NY issues 142.3 million prescriptions (2006)
- $136 million divided by 142.3 million = savings per issued Rx
- NY demonstrates $0.94 fraud savings per issued Rx
- Simply Multiply your State's total number of issued/printed prescriptions per year times $0.94

Model/Sample Legislation

Some states have taken action to comply with this law by adding security features and technologies to prescription pads.

Passed

New York Public Health Code
http://www.health.state.ny.us/professionals/narcotic/docs/article_33_controlled_substances_act.pdf
Delaware- DE321
http://legis.delaware.gov/LIS/LIS144.NSF/vwlegislation/22A1586E14C485638525746B00655141

Pending - 2009 legislative session

Minnesota- SF1709
https://www.revisor.leg.state.mn.us/revisor/pages/search_status/status_detail.php?b=Senate&f=SF1709&ssn=0&y=2009
Indiana- SB575
http://www.in.gov/apps/lsa/session/billwatch/billinfo?year=2009&session=1&request=getBill&docno=575

Three Simple Steps You Can Take

History has shown us criminals are not lazy, instead they are mercilessly efficient about getting what they want. Stopping criminals from getting and selling prescription drugs involves three simple steps.

1. SIMPLIFY

REQUIRE A SINGLE PRESCRIPTION FORMAT

Unlike currency, official documents or any other important document few states have any legal requirements for the look and feel of prescriptions.

2. SECURE

ALLOW ONLY AUTHORIZED PRESCRIBERS TO ORDER

Seems like an obvious requirement, but in most states, there is nothing to stop a criminal from ordering prescription pads from any of the numerous web sites or copy shops offering Rx pads.

REQUIRE DOCUMENT SECURITY FEATURES

The document and related processes should protect against • Theft • Alteration • False Issuance • Mimics. The security features should include both overt and covert security features. The overt features are used to validate the prescription in the pharmacy, while the covert features are used by law enforcement.

REQUIRE LIMITED PRODUCTION OF PRESCRIPTION FORMS

Considering how **valuable and dangerous** a pad of blank prescriptions are, we must take steps to limit production to a single secure source.

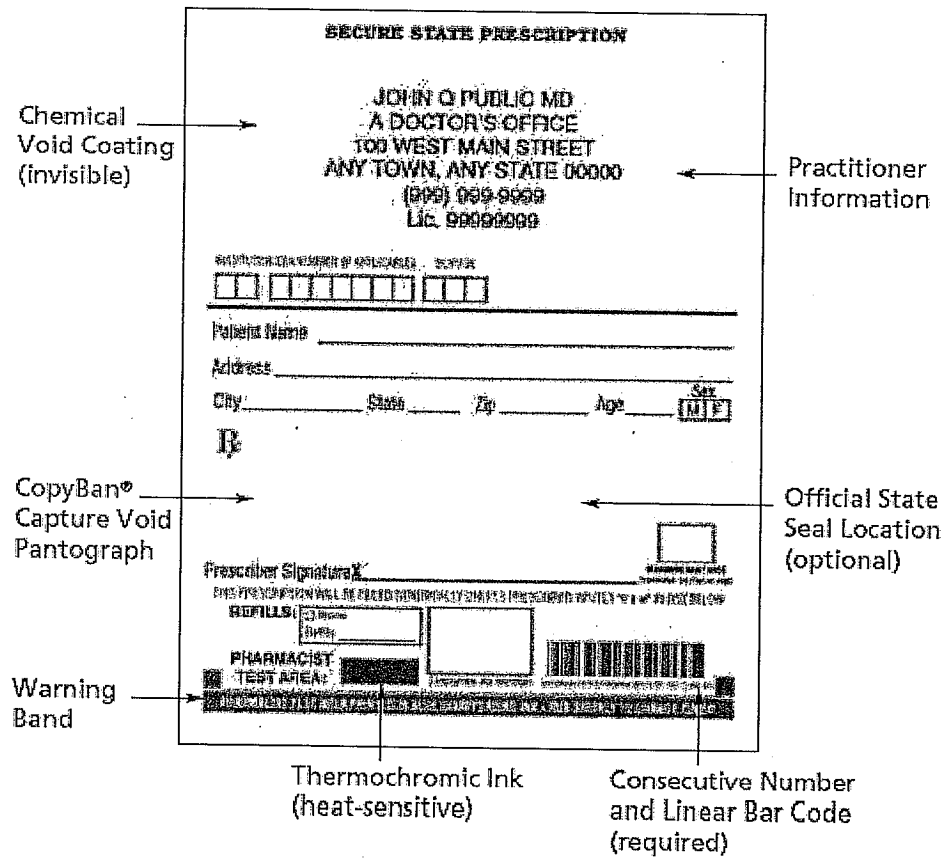
3. VALIDATE

REQUIRE AN AUTOMATED VALIDATION PROCESS

Implementing an automated validation check in the pharmacy heightens the risk of detection for the criminal. If the risk of detection is high then most criminals will avoid making the attempt at diversion. Validating before dispensing addresses one of the major challenges with most every other form of preventing criminal diversion, you never get the money or the pills back. Detecting and stopping the crime before the money and the medication leaves the pharmacy is the only real solution.

This proven three-step process makes our communities safer and healthier by providing actionable information to doctors and pharmacists, while simultaneously delivering fraud savings to healthcare insurers.

A Comprehensive Solution



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As security expert and program director for prescription security at Dayton, Ohio-based Standard Register, Frerichs leads awareness initiatives designed to help organizations and individuals better protect themselves from criminals. He regularly speaks on topics including clinical security and secure prescriptions. In addition to his experience at Standard Register, he has wide-ranging experience in ambulatory and acute healthcare settings, and has worked extensively with state legislature and agencies across the United States. He has testified before Congress on the topic of prescription drug diversion and substance abuse, including recent work with the Legislative Committee on Oxycontin Abuse in Massachusetts.

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As certified security expert, and program manager for secure prescription solutions at Dayton, Ohio -based Standard Register, Harden works directly with State and Federal groups to develop strategies and programs to fight drug diversion and abuse. He regularly consults with Law enforcement, Boards of Pharmacy, Health and Human Services, Medical and Pharmacy associations on ways to fight the growing prescription drug abuse problem. He has extensive experience resulting from his work developing security solutions for various Government agencies, Pharmaceutical firms, and other private sector organizations. He has worked extensively with state legislatures and agencies across the United States. He has testified before various committees on the topic of prescription drug diversion and substance abuse, including Public Health & Safety and Fiscal committees. Several of his projects have resulted in patented solutions.

A recognized authority on prescription security, Standard Register helps medical practitioners, associations, clinics and hospitals combat prescription fraud and drug diversion through education and industry-leading security solutions.

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