



ALLIED MEDICAL MANAGEMENT, INC.
Pharmacy Fraud, Abuse and Misuse Detection/Intervention Systems

Corporate Overview

Allied Medical Management is a healthcare technology firm serving Managed Care Organizations, State Organizations, Employee Groups, Preferred Provider Organizations and State Enforcement Agencies. Allied Medical Management's primary mission is to provide our clients with the tools and expertise to identify fraud, abuse and misuse within their pharmacy benefit. Allied Medical Management integrates the payor's medical and pharmacy data, then applies proprietary software tools and 'clinical know how' to reduce or eliminate costly pharmacy fraud and waste. The most effective way a client can successfully manage fraud, abuse, and misuse is to insource and manage their claims data. The goal of pharmacy fraud, abuse and misuse management is realized with the *integration of medical claims data with pharmacy claims data* ensuring that every aspect of a patient's healthcare is examined.

Health plans and payor's are frequently faced with the complex challenge of dealing with many necessary data bases that are not centrally located or if so poorly accessible. To address this dilemma we believe the first and most important step is to bring together all of the disparate but critical data sets. Allied Medical Management's easy to use software tools allow for the creation of a clinical data mart containing all the pertinent claims information. In contrast, a 'data warehouse' may not be updated with the most relevant data, or include all the necessary data, and does not allow for timely or easy access to the desired information.

AMM completes this task through the application of the AMM **Healthcare Data Loader (HDL)** and the AMM **Clinical Data Mart (CDM)** software. The HDL software brings together the many disparate data sets found in a health plan's network, wherever the data is located. The software integrates medical claims, pharmacy claims, member eligibility, provider eligibility and updated NDC drug data files into an efficient engine for reporting, the CDM. The clinical data mart is updated monthly or as data files are available.

PHARMACY FRAUD & ABUSE

Allied Medical Management's operational processes are grounded in the following unique principals, '**Fraudex**' technology and '**Bottom-Up**' methodology. After the integration of medical, pharmacy and other pertinent demographics claims information, the AMM Fraudex Module processes the data to isolate the prescribing patterns of fraudulent patients and identify them. Once the program triggers specific **flags**, an "index of fraudulent activity" is established for each member of the population. The HDL takes the flagged recipients identified by the Fraudex Module and populates the **Member Review System (MRS)** with the cases automatically. The client's pharmacy staff utilizes the MRS to review the complete patient profile (narrative summary, medical and pharmacy claims) on the client's desktop.

From the desktop, the profiles may be printed or sent directly to the **Data Connection System (DCS)**. The DCS enables one user to easily assign and manage the members for restriction to a single doctor and pharmacy. The DCS eliminates the time and paperwork that is usually associated with manual processes and, most significantly, allows the client to change and update erroneous provider data. Additionally, Allied Medical Management supports our clients' clinical staff by providing case review, analysis, presentation and recommendation for action. The process of new member fraud criteria



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identification is updated and maintained to learn from feedback and changes with the patterns of fraud change.

The fraud, abuse, and misuse reduction program is implemented around a “Bottom-Up Methodology”. This process identifies fraudulent cases at the **patient level** and tracks the information flow that lead to fraudulent **pharmacies, physicians, and specific drugs**. The outcome is that no fraudulent patient/provider/pharmacy/utilization interaction is left unchecked. If only the fraudulent pharmacies or providers are removed, abusing patients will quickly identify and gravitate to other problem providers. The Bottom-Up Methodology identifies and reduces fraudulent activity at every level.

Upon completion of the Bottom-Up analysis phase, Allied Medical Management works with the client organization to implement an optimal mix of the following strategies and/or reporting tools:

- Recipient
 - Recipient restriction program
 - Punitive member action
 - Identification of collusion
 - Evidence for prosecution

- Pharmacy
 - Fraudulent member-provider reports
 - Evidence of ‘Pill Mill’ or collusion
 - Restriction of services or participation
 - Evidence for prosecution
 - Tier I Audits
 - Prescription integrity
 1. Prescription number
 2. Default Provider
 3. Active ingredient
 4. Metric quantity
 5. Day supply
 6. Refills
 7. Dispensed as written (DAW) code
 8. Expiration dates
 - Drug class review for potential audits
 - Duplicate billing
 - Over-billing
 - Tier II Audits (Sentinel Letters)

- Provider
 - Fraudulent member-provider report
 - Evidence of ‘Pill Mill’ or collusion
 - Restriction of services or participation
 - Evidence for prosecution

- Drug



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- Benefit redesign
- Prior authorization targets
- Prescription Benefit Manager (PBM) and Claims Processor
 - Analysis of online edit processing
 - Recommendation of hard and soft edits for loss prevention
 - Assist PBM or claims processor with new or existing edits
 - **Audit your PBM**

After the strategies are implemented, automated extracts and interfaces facilitate the monitoring of the specific interventions. Both specific strategic targets, as well as overall pharmaceutical utilization are measured. The underlying clinical data server allows for both standard reporting and ad hoc reporting.

DRUG-DISEASE MANAGEMENT

Allied Medical Management's model to contain all types of fraud and abuse provides additional significant benefits through the management of costly disease states. Previously, health plans have been left with few options to review utilization, most notably Drug Utilization Review (DUR) or Disease Management (DM). These processes are typically limited by their lack of access to a functional and efficient clinical reporting engine. By combining the pharmacy claims (DUR review) with the medical claims (DM review), AMM takes a comprehensive patient approach we describe as "**Drug-Disease Measurement**" (DDM).

Through the integration of medical and pharmacy claims, every aspect of a patient's healthcare is examined, bridging the gap between DUR and Disease Management (DM). Thus, all of the Drug Utilization Review criteria, where appropriate, utilize medical claims to increase the likelihood of clinically significant 'true positives' and limiting 'false negatives'.

DDM gives the client a pharmacy misuse reduction program implemented around a "Bottom-Up Methodology". This process identifies DDM cases at the **patient level** and tracks the information flow that leads to those specific **physicians**, and **disease states** that are poorly managed. The result is that specific educational provider interventions can be executed with minimal resource allocation and increased compliance. If a problem provider is inundated with multiple and nonspecific case interventions, they are less likely to learn from and comply with the intervention. Bottom-Up Methodology allows a client to efficiently identify and reduce misuse at every level.

Upon completion of the Drug-Disease analysis phase, Allied Medical Management works with the client organization to implement an optimal mix of the following strategies:

Review and reporting includes but is not limited to the following:

1. Drug level review
 - a. Therapeutic class
 - i. American Hospital Formulary Service (AHFS)
 - ii. Hierarchal Ingredient Code (HIC), FirstData Bank
 - iii. National drug code (NDC)



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- b. Generic code number (GCN)
 - c. Active ingredient
 - d. Diagnosis-based (ICD-9) relation to drug therapy
 - e. Detailed cost analysis
 - f. Manufacturer Market-Share analysis
2. Patient level review
- a. Duplicate therapy
 - b. Pregnancy Drug Review
 - c. Medication dosing outside of therapeutic range (Min./Max. Dosing)
 - d. Duration of Therapy
 - i. Geriatric
 - ii. Pediatric
 - e. Adverse drug-disease state events
 - f. Drug-drug interactions
 - g. Gender Analysis
 - h. Polypharmacy
 - i. Specialty Flags (Injectables, disease specific, drug specific, etc)
 - j. Dosage Conversion Optimization
3. Pharmacy level review
- a. Formulary compliance
 - b. Bottom-up analysis
4. Physician profiling
- a. Drug-Disease state mismanagement
 - b. Identification for provider education (academic detailing)
 - i. Drug specific
 - ii. Disease specific
 - c. Manufacturer penetration
 - d. Inappropriate prescribing patterns

The identified members are sent to the MRS reporting tool in the same format as the fraud cases. The DDM cases are identified with specific targets and a summary narrative to direct the reviewing pharmacist. With early identification, the member obtains the care they need and avoids unnecessary hospitalization and illness.

Allied Medical Management combines its advanced clinical data technology and our team of experienced professionals to support the containment of pharmacy costs by improving recipient care through fraud and abuse as well as drug disease management.



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The Principals:

Paul J. Tayoun, M.D. – President and CEO, CMO

Dr. Tayoun, one of the two co-founders, serves as both Allied Medical Management’s Chief Executive Officer and Chief Medical Officer. He helped design the company’s proprietary software and methodologies. Dr. Tayoun has lectured to the National Association of Drug Diversion Investigators (NADDI) on the subject of data analysis in fraud and abuse and presented numerous times in Harrisburg, Pennsylvania on issues of pharmaceutical fraud, abuse and misuse in the Pennsylvania State welfare system. Dr. Tayoun has been invited by the Chairman of the Health and Human Services Committee to address pharmacy costs. He was also asked to serve on the Select Committee on Pharmacy, Pennsylvania House Resolution 358, “Rising Cost of Prescription Drugs”.

Dr. Tayoun is a practicing, board-certified emergency medicine physician at Maimonides Medical Center. He graduated from the Temple University School of Medicine and the Columbia University-St. Luke’s Roosevelt Residency Program in Emergency Medicine. Dr. Tayoun earned his undergraduate degree in Electrical Engineering, with special emphasis in the areas of Information Systems and Statistics. Dr. Tayoun has served as a consultant in managed care pharmacy in the Philadelphia area for more than six years. In addition, he is the Medical Editor for ‘The Philadelphia Public Record’, a weekly publication that serves politically interested readers in the Philadelphia area.

Dr. Tayoun is currently an active member of the National Association of Drug Diversion Investigators, American College of Managed Pharmacy, and the American College of Emergency Physicians. He holds state medical licenses in both New York and Pennsylvania.

Ivan P. Joseph, M.B.A. – Executive Vice President and Chief Financial Officer

Mr. Joseph is responsible for all financial management aspects of Allied Medical Management including strategic management, contract negotiations, budgeting, hiring, and financial statement preparation. He is a veteran financial professional with more than fourteen years experience including numerous positions with First Union National Bank, and its predecessor banks, as well as advisory and management responsibilities with an international private equity investment fund run under the U.S. State Department’s Agency for International Development (US AID).

Mr. Joseph’s management and financial background includes experience in cash flow analysis, forecasting/projection analysis, debt/equity underwriting, financial restructuring, P & L responsibilities, personnel hiring/training, portfolio administration, budgeting, project management, loan and investment structuring, product development and sales/marketing calls.

Additionally, Mr. Joseph serves on the board of several small Philadelphia area companies and as an advisor to a local software development and clinical research organization specializing in pharmaceutical clinical trials data management. Mr. Joseph is a graduate of Temple University, earning a BBA in Finance and Economics and a MBA in General and Strategic Management.



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Lori Daukas, Pharm. D. – Clinical Pharmacist and Drug-Disease Management Specialist

Dr. Daukas is responsible for implementation of Allied Medical Management’s Drug-Disease Management initiatives. Her superior communication skills and significant clinical experience gives her a unique advantage when communicating with physicians or supervising other clinical staff.

A valedictorian of The University of Sciences in Philadelphia Pharmacy School, Dr. Daukas has significant pharmaceutical industry experience she brings to Allied Medical Management. Dr. Daukas also brings her retail experience with focused expertise in patient diabetes/cholesterol screening and counseling.

Dr. Daukas has worked with the American Pharmaceutical Association to create a national video presentation on “Communicating Pharmacy Knowledge to Your Patients”. She is responsible for identifying and reporting cases of healthcare fraud and abuse, and coordinates all disease state management initiatives conducted by Allied Medical Management.

Harry Guglielmo – Director of Business Development and Special Investigations

As director of Business Development, Mr. Guglielmo is responsible for client services and business development nationally. Mr. Guglielmo is a current member and the past President of the New York Chapter of the National Association of Drug Diversion Investigators and a former member of the national board of directors.

Mr. Guglielmo served for six years as the Deputy Director of the Prescription Drug Fraud Unit for the Bureau of Fraud Investigation of the City of New York. In that capacity, Mr. Guglielmo has been responsible for the investigation and recovery in millions of dollars of fraudulent pharmacy activity. He has significant experience in the areas of law enforcement, regulatory affairs, and fraud analysis. Mr. Guglielmo has served as a guest lecturer for the New York Welfare Fraud Investigators Association on the issues of drug diversion and investigations.

Richard P. Westcott – Director of Informatics and Chief Technology Officer

Mr. Westcott oversees Allied Medical Management’s product development and data integrity operations. Mr. Westcott directs the architecture and deployment of decision support systems and data management systems for technical analysis and transaction processing.

Mr. Westcott brings to Allied Medical Management over seven years of Information Systems experience in the areas of Clinical Trials, Survey Research, Energy Deregulation and Education. He has served as Director of Informatics for the Allegheny Health Education Research Foundation Clinical Trials Research Center, the Coalition of National Cancer Cooperative Groups and has worked as an administrator at Eastern Cooperative Oncology Group Chairman’s office. Richard is experienced in Database Administration, Data Risk Management, Network Management and Security and Distributed Application Development.



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Richard A. Krueger – Chief Information Officer

Mr. Krueger serves as Allied Medical Management's lead programmer responsible for the architectural design and implementation of all proprietary software. He supervises resources, oversees deadlines, and product deliverables. Mr. Krueger's extensive professional background in software development places him in the key role of oversight of code development.

Mr. Krueger brings over 10 years of professional programming experience to AMM including positions in management information systems at Temple University, the Allegheny Health Education Research Foundation, Forte Systems and Synergistic, Inc. In these capacities he has acquired extensive experience in the administration of higher education, health systems, the emerging market of energy deregulation, and accounting systems. Mr. Krueger holds a Bachelors degree in Computer Information Science from Temple University.

Consultants:

Phillip C. Polillo, M.S., R. Ph.

Mr. Polillo is currently Director of Pharmacy Services, St. Francis Medical Center, Trenton, New Jersey. Mr. Polillo earned his B.S. in Pharmacy from The University of Sciences in Philadelphia, The Philadelphia College of Pharmacy, two M.S. degrees from Rutgers University, in nuclear pharmacy and pharmaceutical chemistry and more recently, a M.S. degree in pharmaceutics from Temple University School of Pharmacy, performing research specifically in the fields of biopharmaceutics and bioequivalence.

In his 25 years of pharmacy experience, Mr. Polillo has garnered experience in all areas of pharmacy practice including hospital, retail, and nuclear, industrial and managed care. Mr. Polillo has participated in designing managed care drug utilization protocols and drug management programs, both private and university based, for over 20 years.

Mr. Polillo has lectured to both national and local organizations on a variety of pharmacy related topics, and has been quoted and published numerous times throughout his career. Besides practicing as a pharmacist, Mr. Polillo also holds registration as a health physicist.

Having designed disease state management programs, drug utilization programs, injectable drug management programs, manual and computer-based drug utilization programs, and regulatory compliance programs throughout his career, Mr. Polillo lends his expertise and experience to AMM as an analyst in the application of AMM's software solutions and management programs to fully satisfy our client's requirements and expectations.

David Saef, R. Ph.



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Mr. Saef is Pharmacy Director for Kaiser Permanente Health Plan, Georgia. Mr. Saef was previously a district pharmacy manager for the Eckerd Pharmacy chain drug corporation. He has significant pharmacy operations, legal, regulatory, and Medicaid billing experience. He advises AMM business development opportunities and new industry trends.

Samir K. Mistry, Pharm. D.

Dr. Mistry serves as a client relations manager for Express Scripts. Dr. Mistry has helped with the development of Allied Medical Management's pharmacy-related applications, analysis, and reporting. Dr. Mistry is a licensed pharmacist in the state of Pennsylvania. He earned his Doctor of Pharmacy degree from the Philadelphia College of Pharmacy in the University of the Sciences in Philadelphia. Dr. Mistry has presented managed health care topics at national pharmacy conferences, and published in national pharmacy journals.

David N. Steiner, M.B.A./M.S. – Strategic Planning and Partnerships

Mr. Steiner, co-founder, oversees Allied Medical Management's strategic business partnerships and relationships. He has over six years of experience in the areas of clinical and financial healthcare utilization analysis, large software system implementations, and data warehousing. Mr. Steiner earned advanced degrees in Healthcare Administration and Healthcare Financial Management from Temple University. He is also the co-developer of the analytic framework that supports Allied Medical Management's proprietary clinical and financial decision support tools.

Advisory Board:

Nicholas Maiale, Esquire

Mr. Maiale serves as political liaison for Allied Medical Management. As an elected official, including twelve years as a Representative in the Pennsylvania State House, Mr. Maiale brings a wide range of experiences in issues related to state agencies. As acting Chairman of the Pennsylvania State Employee Retirement Board, Mr. Maiale provides financial guidance and insight in the areas of risk management and insurance. He is also the Finance Chairman of the Board of Trustee for the Delaware Valley Multiple Sclerosis Society.

Thomas E. Getzen, Ph. D.

Dr. Getzen is a Professor of Health Economics at Temple University and president of the International Healthcare Economics Association. He brings extensive experience in the areas of Medicaid managed care, public health policy, and health economics. Dr. Getzen serves as the Director of Allied Medical Management's financial advisory staff. His areas of responsibility include financial modeling and cost/benefit analysis.



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