Novologix Integration with HCB Systems

Internal Audit Report – # 20149

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I. AUDIT BACKGROUND

CVS Health's Pharmacy Service Segment (PSS) provides certain medical benefit management (MBM) services, which includes claims editing, delegated prior authorization review, medical rebates, site of care and other. Some functions supporting these services are processed on the CVS-owned Novologix (NLX) platform. NLX validates drug coverage, necessity of prior authorization, and claim edits based on system parameters derived from the client's plan specifications. NLX also provides prior authorization processing to providers through a single web-based portal to request and complete requests for any drugs requiring a prior authorization.

In addition, NLX's claims editing service provides an automated solution with pricing logic that enhances accuracy and specificity in addition to applying fee schedule pricing, administrative, and clinical edits that typically do not exist within legacy health plan claims adjudication systems. The NLX System does not apply plan benefits or adjudicate and pay claims. Following the acquisition, NLX was leveraged for some Health Care Business (HCB) processes related to these prior authorization and claims editing functions. Multiple HCB system data feeds connect with NLX to support the cross-functional integration initiatives between the PSS and HCB operations.

II. SCOPE & OBJECTIVES

The scope of this audit was to provide reasonable assurance management has effective controls in place to ensure appropriate governance, monitoring, and oversight exists to support secure, accurate, and complete transfer of data between the NLX system and HCB systems supporting permanent solutions for Commercial prior authorization and claims editing functionality. The scope included the following objectives, for the period from November 19, 2020 – February 5, 2021:

A) Ensure internal management has considered the following Complimentary User Entity Control Considerations as recommended in the assurance reviews:
   - Review client configurations
   - Ensure data received from user entities is loaded securely, accurately and/or completely
   - Ensure processing of claim files is performed accurately and/or completely
   - Validate claim editing functionality is performed as intended
   - Review prior authorizations are processed accurately and/or timely
   - User entity access to NLX data, programs, and other resources is restricted to only authorized and appropriate individual

B) Review change management controls and processes for new/modified components introduced to support integration efforts between HCB systems and NLX.

C) Changes are documented, tested, and approved.

D) Identified defects are addressed prior to production implementation.

III. CONCLUSION & FINDINGS SUMMARY

☒ Effective	☐ Mostly Effective	☐ Improvement Needed	☐ Ineffective

Based on the procedures performed for this audit, controls in place over governance, monitoring, and oversight exists to support secure, accurate, and complete transfer of data between the NLX system and HCB systems supporting permanent solutions for Commercial prior authorization and claims editing functionality provide reasonable assurance that the business risks reviewed are adequately mitigated.

Description	Business Area	Rating	Ref. to Scope Item
1. Drug List & Fee Schedule Change Requests	Specialty Product Account Management	Observation	A

IV. OBSERVATIONS

Internal Audit (IA) identified the following opportunities to enhance management's processes.

1. **Drug List & Fee Schedule Change Requests**

IA recommends management implement a formal process for documenting ad-hoc drug list and/or fee schedule change requests to support adherence to the internally established turnaround time (TAT) guideline of 1-3 days. The formal process should include requiring a formal documented request from the client, retaining receipt confirmation of the request, documenting the receipt date, and reconciling the receipt log to Test Track. After being notified of changes to the specialty drug list and/or fee schedules by the client, Specialty Product Development Team account managers are responsible for submitting a request within 1-3 days to the Clinical Services Team through the Test Track Reporting System. Currently, as ad-hoc requests are received by the Product Development Team account managers they are logged in a spreadsheet; however, the receipt date of the initial request is not recorded. Without documented request receipt dates or retention of the initial request, IA was unable to confirm request fulfillment within the required TAT. Without documenting the request receipt and fulfillment dates with associated monitoring, client requested changes may not be processed in the system ahead of plan effective dates.

V. STANDARD TERMINOLOGY

Overall Control Environment Opinion:

Effective	Overall, controls are appropriately designed and functioning as intended. Control weaknesses, if noted, do not threaten the effectiveness of the process reviewed.
Mostly Effective	Except for the issues noted, controls in place provide reasonable assurance that business risks are adequately mitigated.
Improvement Needed	One or more significant control weaknesses exist that require prompt action to prevent the process from becoming ineffective.
Ineffective	Control weaknesses are pervasive or one weakness is so severe that it impacts the entire operation under review. Immediate management attention is needed to remediate the finding identified.

VI. DISTRIBUTION LIST

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