



Detect and resolve fraud, waste, and abuse

KPMG Risk library for data-driven compliance enables analytics-based insights



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While companies have been building and utilizing models to tackle fraud, waste, and abuse (FW&A) for years, traditional methods and analytics will not be as effective in today's continuously changing environment. It is critical to have access to "in-time" data and insights in order to proactively identify and mitigate fraudulent activity and its associated costs.

KPMG has mastered the science of detection of FW&A using analytics. Our unified Risk library for data-enabled compliance, using a framework based on a combination of internal data, external signals from the KPMG Signals Repository, machine learning, and expert rules. This combination of assets will allow life sciences organizations to be future-ready, as the future is now.



HOW KPMG CAN HELP

Risk library for data-enabled compliance

An accelerator for risk transformation, this capability allows clients to tackle numerous FW&A areas from a unified framework to help save money and time.

- The library contains a Rules Depository where all discovered rules are centrally stored, a Rules Explorer to uncover risk areas where the tool was useful historically, and a Data Connector to identify and bring in necessary external data from the KPMG Signals Repository (S-R).
- Rules within the Risk library were discovered from machine learning and expert opinion.
- As new rules are discovered across client engagements, they will be added for the benefit of all in a "consortium model."
- The result is that companies are able to detect FW&A sooner, often finding instances that would otherwise elude their analyses, and reduce the expense of false positives.



HOW KPMG CAN HELP

KPMG Signals Repository

In addition to analyzing internal data for FW&A, analytical models can be significantly enhanced by incorporating external data.

- The challenge many companies face is how to efficiently capture and utilize external data. The S-R connects to 60k+ open source signals at their sources, and is continually updated—providing time-relevant context for “what’s happening on the ground.”
- The S-R includes relevant COVID-19 signals such as those characterizing disease spread, local macroeconomic effects, and employment.
- This platform powers the Rules Library by acting as an accelerator to develop highly accurate anomaly detection models potentially based on hundreds of key factors.



ILLUSTRATIVE EXAMPLE #1

Physician scoring

A key component to identifying fraud in life sciences is understanding the behaviors of physicians, patients, pharmacies, and payers.

- Behaviors in free drug programs are driven by over 100 variables involving health care providers (HCPs), patients, pharmacies, and prescription characteristics that, if properly woven together, can better predict fraud.
- The KPMG Risk library contains rules that incorporate internal data on prescriptions and external data, such as HCP information, pharmacy geolocations, and exclusion lists to risk score physicians.
- Clients are able to detect the previously undetectable, understand “behavioral fingerprints” in context to speed up investigation and resolution, and decrease the rate of false positives.



ILLUSTRATIVE EXAMPLE #2

Pharmacy scoring

Fraudulent claims in programs that reduce out-of-pocket expenses for consumers, such as copay cards, rebates, and coupons, can cost big pharma tens of millions of dollars per year.

- The copay card ecosystem consists of pharmacies, claims, drugs, reimbursements, and timing – there are dozens of variables that, if properly woven together, can better predict fraud.
- The KPMG Risk library enables a rules model that incorporates manufacturer-owned data on transactions and pharmacies, and external data such as pharmacy geolocation and owner behavior.
- Clients can risk score pharmacies over time to detect subtle patterns of fraud or waste while decreasing false positives—above and beyond current approaches from third-party copay program vendors. For example, KPMG discovered \$24 million of transactions at likely fraudulent pharmacies in one deployment.



ILLUSTRATIVE EXAMPLE #3

Channel Monitoring

Proactively monitoring for noncompliance across an eye care company's sales channels to prevent revenue leakage was a complex data challenge.

- The ecosystem for distribution of vision products consists of direct and indirect channels such as distributors, wholesalers, and optometrists with dozens of sales and customer variables that, if properly woven together, can better detect noncompliance and misconduct.
- The KPMG Risk library enables a rules-based model that incorporates data on vendor geolocations, time trends, purchasing behavior, and brand-level product mix to detect outliers—such as if a customer is buying a product mix that is unusual compared to like-for-like peers, or displaying activities indicative of product diversion, gray market purchasing, channel stuffing, or abuse of contractual terms.
- A risk score is assigned to channel participants and transactions over time to detect subtle patterns of fraud, waste, or abuse, enabling clients to prioritize their review of customers and take proactive action to reduce leakage and improve coverage of key compliance metrics.

CLIENT STORY:

The right prescription for provider compliance

In the midst of efforts to enable thousands of uninsured and underinsured patients across the U.S. to continue receiving their medications free of charge, a patient assistance foundation for a global pharmaceutical manufacturer faced growing challenges with preventing fraud, waste, and abuse, and turned to KPMG for assistance. Using the latest analytics, automation, and machine-learning technologies and the KPMG S-R, KPMG developed an advanced predictive risk-monitoring tool that scans through millions of signal and pattern data rows. Drivers of potential red flags were quickly showcased and mitigated with appropriately adjusted controls to decrease the potential for abuse and, ultimately, made additional medications available to patients in need.



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