

October 28, 2015

Valeant's Philidor Used 'Back Door' Tactics to Boost Payments

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Philidor Rx Services LLC, which fills prescriptions for Valeant Pharmaceuticals International Inc., instructed employees to submit claims under different pharmacy identification numbers if an insurer rejected Philidor's claim -- to essentially shop around for one that would be accepted.

Employees were to first submit paperwork with Philidor's national provider identifier, or NPI, and if that didn't work were to then try with the NPIs of partner pharmacies, according to a Philidor training manual. "We have a couple of different 'back door' approaches to receive payment from the insurance company," said the manual, dated October 2014.

"You will run across several insurances that we are not contracted with," according to the document, which was obtained by Bloomberg News. In that case, "submit the NPI for our partner in California, West Wilshire Pharmacy," the manual said. "There is a good chance they are contracted." If that was denied, the next step was to "add the Cambria Central Fill insurance and run that as the primary," apparently referring to a pharmacy in Philadelphia. "They should then get a paid claim and then Cambria, another one of our partners, will reimburse us."

The document's guidance on NPIs was first reported by the Wall Street Journal.

Valeant's relationship with Philidor is at the heart of questions being raised by prosecutors, lawmakers and investors about the drugmaker's operations and practices. [Laval](#), Quebec-based Valeant has [lost](#) almost \$10 billion in market value since a Wall Street short-seller on Oct. 21 suggested the company was using Philidor to pump up retail sales and engage in Enron-style [accounting tactics](#). Valeant has denied the allegations.

Ron Hutcheson, a spokesman for Philidor, said the pharmacy is "the patient's advocate in seeking to ensure that they receive the medication that was prescribed by their doctor at the lowest possible [cost](#) to them. This includes following up with insurance companies on behalf of patients."

Calls placed after regular [business hours](#) to Valeant and West Wilshire in Los Angeles weren't immediately answered. At Cambria Pharmacies, Stephen Bailkin, a manager,

said, "I can't imagine why anyone would be using my NPI number." He declined to answer questions about Philidor and its relationship with Cambria.

According to Valeant, other drugmakers routinely use specialty pharmacies like Philidor to sell their products. But critics said the company should have disclosed that it was doing so -- and that it had other financial ties to Philidor. Valeant recently said that it paid \$100 million late last year for an [option](#) to buy Philidor for nothing over the next 10 years.