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FSMB Spotlight: Is Compounding Fraud Occurring in Your State?

Dangerous prescribing practices put both patients and prescribers at risk

Washington, D.C. (March 28, 2017) –The Federation of State Medical Boards (FSMB) has released the latest episode of its “[FSMB Spotlight](#)” series which features interviews with health care leaders about issues impacting state medical boards as they carry out their mission of protecting the public.

In this episode, FSMB President and CEO Humayun Chaudhry, DO, MACP, sits down with Claudette E. Dalton, MD, Chair of the FSMB’s Ethics and Professionalism Committee, to discuss regulations around compounding medicine, as well as a recent rise in fraud schemes involving kickbacks and deceptive business practices by some compounding pharmacies and prescribers. According to the U.S. Food and Drug Administration (FDA), compounding is the practice in which a licensed pharmacist, a licensed physician, or a person under the supervision of a licensed pharmacist, combines, mixes, or alters ingredients of a drug to create a medication tailored to the needs of an individual patient.

While compounding medications plays an important role in patient care, there has been an alarming increase in prescribing practices that violate federal and state anti-kickback and fraud laws, as well as provisions related to prescribing in states’ medical practice acts.

“There are three different issues when it comes to compounding kickbacks,” said Dr. Dalton. “The first is that some compounding pharmacies have hired marketing middlemen and they have approached office practices and promised them bonuses if they will prescribe through that pharmacy. Another issue is some compounding pharmacies have approached insurers and will change either the physical concentrations of ingredients in medications, or their labels, to get a higher reimbursement. This results in some medications costing thousands of dollars, when you can buy it for mere dollars in your local drug store.”

Dr. Dalton notes that while not all of these examples directly impact physicians, they do impact the cost and quality of care their patients receive.

As these fraudulent activities become more prevalent, Dr. Chaudhry asked Dr. Dalton what physicians should do to identify and avoid these schemes: “Many physicians may not be aware that some of their own staff may have been approached by these marketers,” said Dr. Dalton. “They need to know that this activity violates all sorts of anti-trust and fraud laws and it may impact their state’s practice act as well. They need to identify if it’s happening and stop it immediately.”

To watch the full “FSMB Spotlight” interview with Dr. Dalton, please [click here](#).



About the Federation of State Medical Boards

The Federation of State Medical Boards (FSMB) is a national non-profit organization representing all medical boards within the United States and its territories that license and discipline allopathic and osteopathic physicians and, in some jurisdictions, other health care professionals. The FSMB serves as the voice for state medical boards, supporting them through education, assessment, research and advocacy while providing services and initiatives that promote patient safety, quality health care and regulatory best practices. To learn more about FSMB, visit www.fsmb.org. You can also follow FSMB on Twitter ([@theFSMB](https://twitter.com/theFSMB)).

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