Pharmacy Internal Controls

Subjects: Nursing

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Due to the emergence of COVID-19 and government mitigation strategies, the US economy has seen significant macro- and microeconomic effects. COVID-19 has changed the pharmacy working environment, which could theoretically increase rates of employee drug diversion. Therefore, better inventory management could reduce the misuse of pharmaceutical drugs from fraudulent and drug diversion activities. The author explored secondary findings to create a multidisciplinary conceptual analysis of the reasons why internal controls executed with greater diligence may be needed to avoid damaging financial, legal, and health outcomes.

COVID-19 pandemic internal controls pharmacy inventory drug diversion fraud

1. Introduction

Pharmacy businesses operate as specialized merchandise organizations, providing healthcare products to the marketplace. To meet consumer demands in a timely fashion, pharmacies must store adequate types and quantities of products in inventory. According to the World Health Organization (WHO), managing pharmaceutical product inventory effectively is vital to the success of a pharmacy organizational unit[1]. To manage inventory, it is important for pharmacies to develop comprehensive internal controls. Internal controls are defined as the methods used within an organization to safeguard assets, enhance reliability of accounting controls, increase efficiency of operations, and ensure compliance with laws and regulations [2].

2. The Present Status of Pharmacy Internal Controls

Generally, pharmacies have been able to develop effective internal controls and meet set standards. However, it is important to revisit standard business practices and perhaps implement new operating procedures in the wake of current events that significantly impact business operations and staff. Sometime in 2019, a novel coronavirus, COVID-19 emerged. COVID-19 spread rapidly and threatened the health and economies of the world's nations. On 11 March 2020, the World Health Organization (WHO) declared COVID-19 a global pandemic. COVID-19 and the United States (U.S.) government interventions (e.g., nationwide lockdowns) designed, to stem the spread of the virus, have both caused significant macro- and microeconomic effects. This research highlights the possible need for better inventory management to reduce the misuse of pharmaceutical drugs from fraudulent and drug diversion activities. More specifically, findings from the literature show the growing risk for fraud and diversion in the pharmacy workplace.

3. Discussion of Fraud and Diversion

The COVID-19 pandemic and resultant mitigation strategies have led to many changes to the U.S. economy and society at large. Statewide lockdowns have been used to encourage social distancing and decreased business operations for all except workers who are deemed “essential.” The results of these governmental restrictions have caused a significant decrease in national GDP, as well as a massive increase in those filing for unemployment benefits[3]. Couple these financial woes with concerns over contracting COVID-19, along with a reduction in social interaction, and we have the potential for disastrous outcomes. Unsurprisingly, in this climate, the U.S. Center for Disease Control confirmed a significant uptick in mental health issues—namely an increase in anxiety and substance abuse among the general population. This uptick in mental health concerns was even more prevalent in “essential” workers[4]. Pharmacies have been deemed “essential,” resulting in continued operation throughout the pandemic. It is possible that the greater demands at work and a more difficult work environment are the cause for increased stress and mental strain in pharmacies[5]. Moreover, the use of personal protective equipment (PPE) may further exacerbate this situation. For example, Veluri asserts that patients can experience an increase in paranoia when interacting with others wearing face masks because masks interfere with the patient’s ability to detect a clinician’s empathy[6]. Therefore, patients are reluctant to volunteer personal information, making it difficult for clinicians to develop good patient rapport, which can interfere with the provision of effective treatment and can reduce efficiency. Pal et al. also found that wearing face masks creates barriers to viewing facial expressions, inhibiting efficient provider-patient communication[7]. This, in turn, could increase the time needed for pharmacist-patient interactions, resulting in increased stress and mental strain as pharmacists attempt to complete their other supervisory and administrative roles in the reduced time remaining. Taking the Fraud Triangle into account, this environment could influence the rates of diversion. The Fraud Triangle is defined as the three most likely reasons that someone might commit fraud: Opportunity, financial pressure, and rationalization[2].

The opportunity for theft of pharmacy products is high. Pharmacies are bustling environments with a lot of movement by staff: pharmacists, pharmacy technicians, and salesclerks. The pharmacy supervisors, usually pharmacists, have a number of responsibilities, making it difficult for them to keep tabs on what everyone is doing in the pharmacy at any given time. Furthermore, medications are small, lightweight, and stored in large quantities. As such, the removal of a few pharmaceuticals during business hours can go unnoticed until the total quantity of diverted goods reaches a certain threshold. The increased demands placed on pharmacists during the COVID-19 pandemic makes for a more mentally taxed pharmacist thereby interfering with their ability to provide oversight. This, in turn, makes for greater opportunities for drug diversion to occur. In addition, with pandemic induced anxiety and depression on the rise, pharmacists are filling higher prescription volumes which increases inventory turnover[8]. With higher inventory turnover, small inventory losses could become more difficult to notice[9].

For a pharmacy healthcare worker who is under financial pressure, diversion may seem like a quick solution. As stated above, pharmaceuticals are highly mobile, and many controlled medications are also highly liquid. The street value for opiates (analgesics) is currently about $1 per milligram[10]. Therefore, a 100-count bottle of oxycodone/acetaminophen 10/325 could theoretically be sold on the street for $1000, which is far more than the cost to acquire it through legal channels. The economic realities of COVID-19 lockdowns have likely resulted in a

decrease in household income for some pharmacy staff members whose spouses or family members have lost wages due to their working in “nonessential” industries that have been shut down or curtailed from government pandemic mitigation polices. It would be reasonable that pharmacy staff members might feel pressure to consider drug diversion activities as a temporary solution to meet financial shortcomings.

Finally, rationalization may play a key role in medication diversion. Often diversion within a pharmacy setting results from the actions of pharmacy technicians who are estimated to make up three-fourths of all drug diversion cases[11]. There are no definitive studies explaining the reasons that pharmacy technicians constitute such a high percent of drug diversion cases. However, it is commonly understood that all pharmacy staff are being asked to maximize output in an increasingly difficult work environment as reported by Algunmeeyn et al[12]. Levy argues that heightened stress can lead pharmacy employees to rationalize that self-medicating can be justified as a coping strategy to overcome workplace challenges[13]. To complicate matters, the risk for rationalization of drug diversion activities may increase because of the stresses and financial pressures brought on from the COVID-19 pandemic. Regardless of the rationalized cause, it is important to control drug diversion because it has a significantly greater impact on society than the sum of the monetary value of the drugs involved[14].

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