Message

From: Bancroft, Wayne [wayne.bancroft@walgreens.com]
Sent: 4/27/2012 10:42:17 AM
To: Martin, Barb [barb.martin@walgreens.com]
CC: Tiemeyer, Joseph [joseph.tiemeyer@walgreens.com]; Murray Jr, Denman [denman.murray@walgreens.com]
Subject: DEA Suspicious Store Ordering
Attachments: DEA Store Ordering v1.0.doc

Hi Barb,

The enclosed offers two possible enhancements to the DES Suspicious Store Ordering application for your consideration.

Thanks,
Wayne

PLAINTIFFS TRIAL EXHIBIT
P-19622_00001

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DEA Suspicious Store Ordering Application Proposed Enhancement

The DEA Suspicious Store Ordering application was developed based on DEA requirements for our DCs to monitor for suspicious orders of control substance. To monitor for order size, tolerance limits are established by store/item. Orders placed on the DC that exceed its tolerance limit are flagged as suspicious.

This process allows for any single order to be compared to the last 26 weeks of order history. A critical design element is that it removes outliers from the order history used to calculating the mean order size and standard deviation. The application is successful in identifying orders outside of tolerance.

Manual Orders and Tolerance Limit Calculation

If a manual order type D exceeds the tolerance limit the order quantity is adjusted to zero. When a manual order type X (PDQ) exceeds the tolerance limit the order quantity is adjusted to the tolerance limit. These orders become part of the order history used to calculate the tolerance limit. We need to consider removing these orders when calculating the tolerance limit and other possible restrictions. The below table shown one store with a high frequency of PDQ orders for oxycodone that exceed tolerance.

LOC#	Order Type	Item#	Item Desc	Est Delivery Dt	Sugg Order Qty	Tolerance limit Qty	Order Qty	Adj Order Qty	Adjusted User	Order Flag	Suspicious reason code
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT) 100	12/02/11	0	104	104	150	HEINIS	N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT) 100	10/11/11	0	88	88	200	HEINIS	N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT) 100	09/30/11	0	142	142	200	HEINIS	N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT) 100	09/21/11	0	78	78	200	HEINIS	N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT) 100	09/20/11	0	78	78	150	HEINIS	N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT) 100	09/19/11	0	78	78	100	HEINIS	N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT) 100	09/08/11	0	81	81	150	HEINIS	N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT) 100	08/31/11	0	76	76	200	HEINIS	N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT) 100	08/12/11	0	90	90	200	HEINIS	N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT) 100	08/11/11	0	83	88	200	HEINIS	N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT) 100	08/10/11	0	83	83	200	HEINIS	N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT) 100	08/02/11	0	80	80	200	HEINIS	Y	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT) 100	08/01/11	0	80	80	200	HEINIS	Y	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT) 100	07/29/11	0	84	84	200	HEINIS	N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT) 100	07/15/11	0	88	88	200	HEINIS	N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT) 100	07/14/11	0	86	86	200	HEINIS	N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT) 100	07/12/11	0	84	84	200	HEINIS	N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT) 100	07/11/11	0	84	84	250	HEINIS	N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT) 100	07/11/11	0	84	84	250	HEINIS	N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT) 100	07/09/11	0	84	84	250	HEINIS	N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT) 100	07/08/11	0	85	85	300		N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT)+ 100	06/13/11	0	106	106	200	HEINIS	N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT)+ 100	06/10/11	0	105	105	150	HEINIS	N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT)+ 100	06/08/11	0	105	105	150	HEINIS	N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT)+ 100	06/07/11	0	105	105	200	HEINIS	N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT)+ 100	06/03/11	0	104	104	200	HEINIS	Y	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT)+ 100	06/02/11	0	104	104	200	HEINIS	Y	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT)+ 100	05/17/11	0	98	98	150	HEINIS	N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT)+ 100	05/16/11	0	98	98	150	HEINIS	N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT)+ 100	05/14/11	0	98	98	150	HEINIS	N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT)+ 100	05/11/11	0	86	86	150		N	T
6997	X	682971	OXYCODONE HCL 30MG TAB (ACT)+ 100	04/30/11	0	78	78	250	HEINIS	N	T

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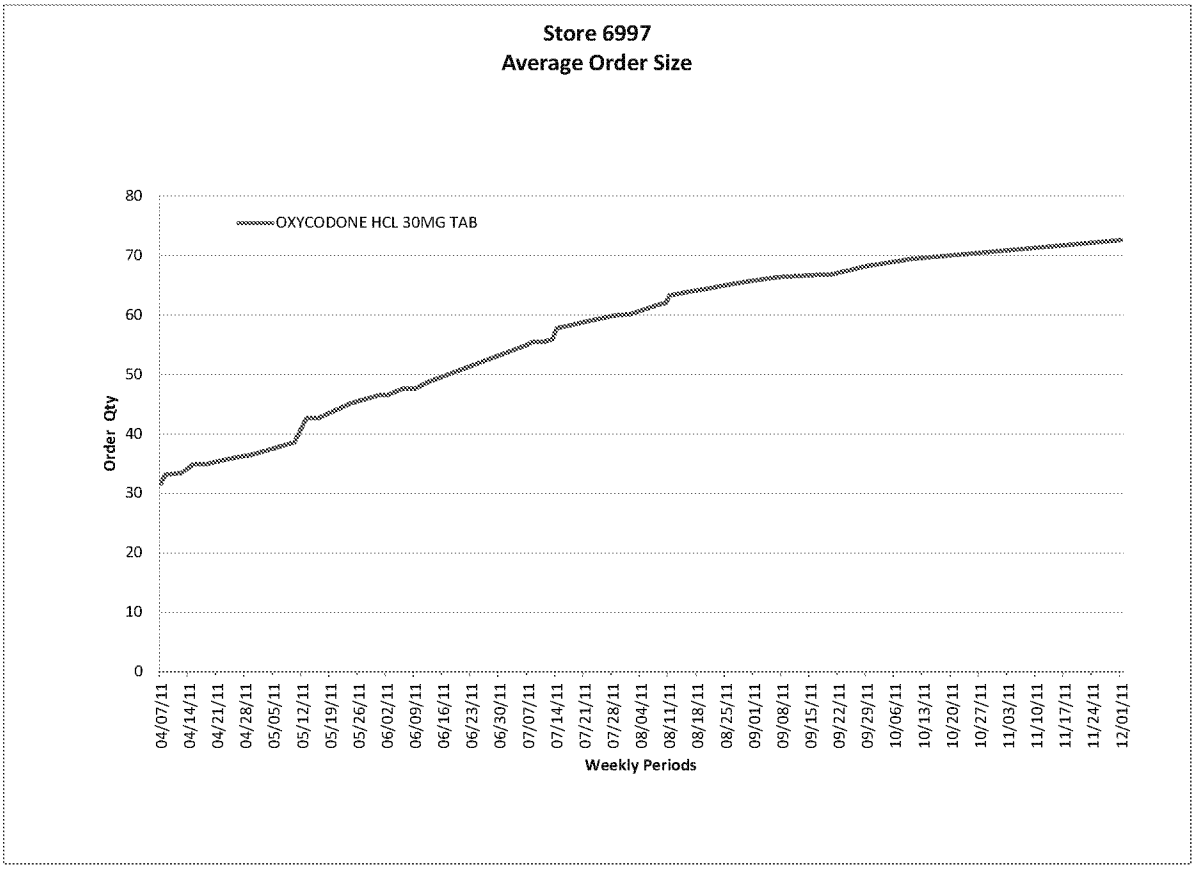
DEA Suspicious Store Ordering Application Proposed Enhancement

Comparing the average order size across time

The DEA is conducting crackdown on Florida Pharmacies where the market is notorious for illicit prescription painkillers. "Walgreen pharmacies now account for 53 of the top 100 retail sellers of oxycodone in the state, according to an affidavit filed in court by the DEA. Three years ago, on Walgreens pharmacies were among the top 100 sellers of the drug." …. "One Walgreen pharmacy in Fort Myers now under investigation sold more than 2.1 million oxycodone pills in 2011 — more than 22 times the oxycodone sales at the same pharmacy two years earlier, the DEA said." The Miami Herald, April 6, 2012.

Below chart depicts the trend in average order size for "OXYCODONE HCL 30MG TAB" for Oviedo, FL store 6997.



The DEA Suspicious Store Ordering can be enhanced to compare the average order size over time (i.e. TY/LY) using "difference testing". This would be helpful to identify when the average order size is trending up as depicted in the above example. Added a time dimension to the application would enhance the tool's capability for identifying suspicious activity as required by the DEA.