



Louisiana Department of Health
Health Plan Advisory 16-18
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Local Pharmacy Claims Dispute Process

Section 7.17.2 of the contract between the Louisiana Department of Health (LDH) and each Managed Care Organization (MCO) requires that local pharmacies have a claims dispute process. This two tiered process was initiated in December 2015 to operationalize Act 399 of the 2015 Regular Legislative Session.

In accordance with MCO contract provision 7.17.2.2.3, LDH has contracted with a third party, currently Myers & Stauffer LC (MSLC), to act as the final authority on local pharmacy claims disputes. Utilizing current average acquisition cost (AAC) or whole acquisition cost (WAC) rates as of the date of service and the current fee-for-service (FFS) reimbursement methodology, MSLC calculates the estimated FFS allowed amount. The current FFS reimbursement methodology includes the combination of the ingredient cost and dispensing fee in use for the current approved Medicaid State Plan in effect on the date of service.

For the local pharmacy claims dispute process, “reasonable rate” is defined as no less than 97 percent of the calculated estimated FFS allowed amount by MSLC. However, in no circumstance shall the difference between the calculated estimated FFS allowed amount and the total amount reimbursed exceed \$10 unless the pharmacy has a usual and customary rate that falls below this threshold.

If MSLC determines that the disputed reimbursement was not reasonable as defined above, the MCO shall provide the pharmacy an increased reimbursement to the legacy Medicaid rate back to the fill date on the disputed claim. The MCO shall also update the price on its drug reimbursement file for all local pharmacies to reflect the increase within seven business days of the written notification of the determination. The rate change on the reimbursement file shall be effective from the MSLC external approval decision date forward. To ensure compliance, Myers and Stauffer provides a weekly report with a “rate update date” column which shall be completed by the MCO and returned to MSLC and LDH within 10 business days.

The above guidance is for pharmacy claims with a date of service prior to Oct. 1, 2017.

For pharmacy claims with a date of service on or after Oct. 1, 2017, MCOs shall maintain an internal claims dispute process to permit local pharmacies to dispute the reimbursement paid for any claim made for the dispensing of a drug. Reimbursement should be no less than the FFS rate on the date of service as required by Act 301 of the 2017 Regular Session of the Louisiana Legislature. Rates should be updated within seven calendar days. MCOs shall be penalized \$1,000 per calendar day for each rate that is not updated.