



**Louisiana Department of Health and Hospitals**  
**Health Plan Advisory 16-10**  
**April 26, 2016**

**Pharmacy Provider Fee**

Section 7.17.1.8 of the contract between the Department of Health and Hospitals (DHH) and each managed care organization (MCO) requires that a \$0.10 pharmacy provider fee shall be paid by an MCO's pharmacy benefits manager (PBM) to the pharmacy on all paid claims when the MCO/PBM is the primary payer. The exception would be if the primary payer denies the claim, then the MCO would be responsible for paying the provider fee as a secondary payer. This would be identified in the Claim Segment (07): National Council for Prescription Drug Programs (NCPDP) field 308-C8 (Other Coverage Code) value=3 (Other Coverage Billed-Claim Not Covered).

- 7.17.1.8.** The MCO may negotiate the ingredient cost reimbursement in its contracts with providers. However, the MCO shall:
- Pay a per-prescription dispensing fee, as defined in this contract, at a rate no less than \$2.50 to all "local pharmacies" as defined in Act 399 of the 2015 Regular Session of the Louisiana Legislature;
  - Add any state imposed provider fees for pharmacy services, on top of the minimum dispensing fee required by DHH;
  - Update the ingredient costs of medications at least weekly;
  - Make drug pricing list available to pharmacies for review;
  - Afford individual pharmacies a chance to appeal inadequate reimbursement; and
  - Provide for a "local pharmacy" appeals process in accordance with Act 399 of the 2015 Regular Session of the Louisiana Legislature.

The payment to the pharmacy shall be remitted in the NCPDP field 558-AW (Flat Sales Tax Paid). The pharmacy provider should be encouraged to submit the fee in NCPDP field 481-HA (Flat Sales Tax Submitted), but the fee should be paid whether the pharmacy bills it or not as required by the MCO contract.

NCPDP field 558-AW (Flat Sales Tax Paid) is a required field on the pharmacy supplemental file and will deny when the plan is the primary payer and any value other than \$0.10 is submitted.

All pharmacy claims that were paid without the \$0.10 provider fee beginning on Feb. 1, 2015 should be adjusted or reversed and rebilled to include the \$0.10 and switch fees should not be charged to the pharmacy. The plans are responsible for correcting the claims and should reprocess with edits that were in place on the original date of service. This should be completed by May 31, 2016.

Resubmission of encounter data to correct the total amount paid to the pharmacy as well as the updating the pharmacy supplemental file should be coordinated with Molina and DHH to address any transaction volume concerns.