

# POLICY AND PROCEDURE

<b>POLICY NAME:</b> Pharmacy <del>Encounters</del> Claims Processing	<b>POLICY ID:</b> LA.CLMS.08
<b>BUSINESS UNIT:</b> Louisiana Healthcare Connections	<b>FUNCTIONAL AREA:</b> Claims, Pharmacy
<b>EFFECTIVE DATE:</b> 6/29/22	<b>PRODUCT(S):</b> Medicaid
<b>REVIEWED/REVISED DATE:</b> 04/23, 03/24	
<b>REGULATOR MOST RECENT APPROVAL DATE(S):</b> N/A	

## POLICY STATEMENT:

It is the policy of Louisiana Healthcare Connections (LHCC) to ensure pharmacy ~~claims-encounters~~ are submitted processed timely, accurately and in accordance to set Louisiana Department of Health (LDH) requirements.

## PURPOSE:

The purpose of this policy is to ensure compliance with Pharmacy ~~encounters~~claims processing guidelines set forth by the Louisiana Department of Health.

## SCOPE:

This policy applies to Louisiana Healthcare Connections Claims and Pharmacy Departments, ~~Centene Pharmacy Services~~, and the contracted PBM.

## DEFINITIONS: ~~(Acronyms section)~~

~~LHCC—Louisiana Healthcare Connections~~

~~LDH—Louisiana Department of Health~~

~~HRSA—Health Resources and Services Administration~~

~~ACA—Affordable Care Act~~

~~MEF—Medicaid Exclusion File~~

~~MCO—Managed Care Organization~~

~~MAC—Maximum Allowable Cost~~

~~NCPDP—National Council for Prescribing Drug Program D.0~~

~~NPI—National Provider Identifier~~

~~PPACA—Patient Protection and Affordable Care Act~~

~~PCN—Processor Control Number~~

~~PBM—Pharmacy Benefits Manager~~

~~FFS—Fee for Service~~

~~POS—Point of Sale~~

~~FDA—Food and Drug Administration~~

## POLICY:

~~LHCC is responsible for overseeing the accurate and timely delivery of encounters to LDH. LHCC will work with the PBM to ensure a successful encounter delivery. It is the policy of LHCC to comply with all government regulations as well as the contractual agreements related to pharmacy encounters~~**System Requirements**

~~LHCC has an automated claims and encounter processing system for pharmacy claims that will support the requirements set by LDH and ensures the accurate and timely processing of claims and encounters. LHCC allows pharmacies to back bill electronically (reversals and resubmissions) for 365 calendar days from the date of the original submission of the claim. (Section 2.18.17.1.1 in MCO Contract)~~

~~Transaction standards: LHCC supports electronic submission of claims using most current HIPAA compliant transaction standard (currently NCPDP D.0) (Section 2.18.17.1.2 in MCO Contract)~~

~~Pharmacy claims edits that include eligibility, drug coverage, benefit limitations, prescriber, and prospective/concurrent drug utilization review edits. (Section 2.18.17.1.3 in MCO Contract)~~

~~In accordance with applicable Federal and State laws, regulations, rules, policies, procedures, and manuals, the State Plan, and Waivers, LHCC may negotiate the ingredient cost reimbursement in its contracts with providers. However, Louisiana Healthcare connections shall: (Section 2.9.33.7 in MCO Contract)~~

- ~~• Reimburse no less than the FFS Rate on the date of service to all local pharmacies as required by La. R.S. 46:460.36(D),~~
- ~~• Reimburse any state-imposed provider fees for pharmacy Claims, on top of the professional dispensing fee and ingredient cost reimbursement,~~
- ~~• Update the ingredient costs of medications at least weekly and within three (3) Business Days of new rates being posted from the national database source selected by LHCC,~~
- ~~• Base Maximum Allowable Cost (MAC) price lists on generic drugs with an FDA rating beginning with an "A,"~~
- ~~• Make the drug pricing list available to pharmacies for review, upon request; and~~
- ~~• Afford individual pharmacies a chance to Appeal inadequate reimbursement.~~

~~The system provides for an automated update to the National Drug Code file including all product, packaging, prescription, and pricing information. The system provides online access to reference file information. The system maintains a history of the pricing schedules and other significant reference data. The drug file for both retail and specialty drugs, including price, are updated within three (3) business days of receipt of the drug file, at LHCC's discretion we may update the file more frequently. (Section 2.18.17.1.4 in MCO Contract)~~

~~LHCC ensures that pharmacies submit the NPI of the prescriber on all pharmacy Claims. LHCC denies Claims submitted without the NPI of the prescriber.~~

~~LHCC complies with the claims history requirements in Section 2.18.17. The historical encounter data submission will be retained for a period not less than ten (10) years, following generally accepted retention guidelines.~~

~~Audit Trails are maintained online for no less than six (6) years; additional history is retained for no less than ten (10) years and will be provided forty-eight (48) hour turnaround or better on request for access to information in machine readable form, that is between six (6) to ten (10) years old.~~

~~LHCC ensures that the manufacturer number, product number, and package number for the drug dispensed are listed on all claims. This information is taken from the actual package from which the drug is usually purchased by a provider, from a supplier whose products are generally available to all pharmacies and reported in one or more national compendia. (2.18.17.1.6)~~

~~Provisions are made to maintain permanent history by service date for those services identified as "once-in-a-lifetime."~~

## **PROCEDURE:**

### **Pharmacy Rebates**

LHCC will submit all drug encounters, with the exception of inpatient hospital drug encounters, to LDH or its contractor pursuant to the requirements of Section 2.18 of LDH's Model Contract. LDH or its designee will submit these encounters for Federal [and](#) <sup>[JS1]</sup> supplemental pharmacy rebates from manufacturers under the authority of the LDH Secretary pursuant to the Section 2501 of the Patient Protection and Affordable Care Act (ACA). (2.18.17.2)

### **Pharmacy Encounters Claims Submission (2.18.17.3)**

LHCC submits a ~~weekly~~ claim-level detail file of pharmacy encounters to LDH at least monthly which includes individual claim-level detail information on each pharmacy claim dispensed to a Medicaid enrollee including, but not limited to the total number of metric units, dosage form, strength and package size, National Drug Code of each covered outpatient drug dispensed to Medicaid enrollees. LHCC requires the PBM to follow the Batch Pharmacy Encounters Companion Guide.

~~At the request of LDH or the FI, LHCC submits pharmacy Claims information in an electronic format that is suited to allow for integration with the State's pharmacy rebate program according to the schedule established by LDH in writing. The pharmacy rebate process is a quarterly process, and Claims information is usually required before the end of the month that follows the end of the quarter.~~

~~LHCC requires that network providers who are covered entities, as defined by Section 340B of the Public Health Services Act, utilize the same carve-in or carve-out designation for Managed Care Medicaid patients as for FFS Medicaid recipients. If a covered entity appears on the Medicaid Exclusion File, LDH excludes that provider's FFS and LHCC's claims from~~

~~rebate invoicing. Claims for FFS Medicaid and Managed Care Medicaid recipients are treated identically in regards to exclusion from rebate invoicing.~~

~~LHCC utilizes a unique Processor Control Number (PCN) or Group Number for Louisiana Medicaid. This unique PCN or group number will be submitted to LDH before processing any pharmacy claims.~~

~~Contract pharmacies are not permitted to bill Medicaid for drugs purchased at 340B pricing.~~

~~LHCC and our contracted PBM does not charge pharmacy providers Claims processing or provider Enrollment fees. This does not prohibit sanctioning pharmacy providers. (2.9.33.8)~~

### **340B Billing Per Covered Entity**

~~LHCC includes billing instructions on how to identify 340B claims/encounters in contracts with 340B providers. (2.18.17.3.6)~~

### **340B Claim Level Indicators (MCO Manual)**

~~LHCC submits drug-related encounter data to LDH for the purposes of collecting federal Medicaid rebates.~~

~~LHCC includes the following requirements in contracts with 340B entities:~~

- ~~● Pharmacy 340B Drug Claims,
  - ~~○ NCPDP: Bill value of "20" in the Submission Clarification Code field (420-DK).~~
  - ~~○ NCPDP: Bill value of "08" in the Basis of Cost Determination field (423-DN).~~~~
- ~~● Outpatient/Professional Services 340B Drug Claims:
  - ~~○ CMS 1450/UB04: Enter UD Modifier immediately following drug HCPCS/CPT code in field 44. For example, HCPCS J1111 billed as J1111UD.~~
  - ~~○ CMS 1500: Enter HCPCS code in field 24C followed by the UD Modifier. 837I: Loop 2400-SV2 can send up to four modifiers SV202-3, SV202-4, SV202-5, and SV202-6.~~
  - ~~○ 837I: Loop 2400-SV2 can send up to four modifiers SV202-3, SV202-4, SV202-5, and SV202-6~~
  - ~~○ 837P: Loop 2400-SV1 can send up to four modifiers in SV101-3, SV101-4, SV101-5, and SV101-6.~~~~

~~LHCC denies claims at Point of Sale (POS) from 340B carved-in pharmacies that have missing or invalid claim level indicators. LHCC encounters follow requirements in the **Batch Pharmacy Encounters Companion Guide**.~~

### **Claims Summary Report (2.18.16)**

~~Louisiana Healthcare Connections submits monthly Claims Summary Reports of paid and Denied Claims to LDH by Claim type. Instructions are provided in the **MCO System Companion Guide**.~~

### **Pharmacy Claims Dispute Management (2.9.33.9)**

~~Louisiana Healthcare Connections maintains a Claims dispute process to permit pharmacies to dispute the reimbursement paid for any claim made for the dispensing of a drug as specified in the **MCO Manual**.~~

### **Disputed Pharmacy Encounter Submissions (2.18.17.4)**

At least quarterly, LDH may review the LHCC's pharmacy encounter claims and send a file back to LHCC of disputed encounters that were identified through the drug rebate invoicing process.

~~Within 60 calendar days of receipt of the disputed encounter file from LDH, LHCC, if needed, [submits/returns the disputed encounter file to Magellan to corrects](#) and resubmits any disputed encounters and sends a response file [back to LHCC to respond to](#) LDH that includes 1) corrected and resubmitted encounters as described in the Rebate Section of the **MCO Systems Companion Guide**, and/or 2) a detailed explanation of why the disputed encounters could not be corrected including documentation of all attempts to correct the disputed encounters at an encounter claim level detail, as described in the Rebate Section of the **MCO Systems Companion Guide**.~~

In addition to the administrative sanctions in LDH's Model Contract, failure of LHCC to submit ~~weekly~~ pharmacy encounter claims files and/or a response file to the disputed encounters file within sixty (60) calendar days as detailed above for each disputed encounter will result in a quarterly offset to the capitation payment equal to the value of the rebate assessed on the disputed encounters being deducted from the LHCC's capitation payment.

**Use of a Pharmacy Benefits Manager (PBM) (2.18.17.5)**

LHCC utilizes [the statea single](#) PBM for pharmacy claims payment and select administrative services. The following requirements apply:

- LHCC identifies the contracted PBM and the ownership of the PBM. LHCC submitted a written description of the assurances and procedures that are put in place under the PBM subcontract, such as an independent audit, to prevent patient steering, to ensure no conflicts of interest exist and ensure the confidentiality of proprietary information. LHCC has a plan documenting how it will monitor the contracted PBM. These assurances and procedures have been transmitted to LDH for review and approval prior to the Operational Start Date.
- LHCC has a plan for oversight of the PBM’s performance which is approved by LDH. LHCC complies with this Contract and all LDH requirements.
- ~~The contracted PBM does not deny any Louisiana licensed pharmacy or Louisiana licensed pharmacist the right to be a participating provider in LHCC’s or contracted PBM’s provider network if the pharmacy or pharmacist meets all requirements of participation in the Louisiana Medicaid program.~~

~~Any contract for pharmacy benefit manager services is a direct contract with Louisiana Healthcare Connections and provides for the following:~~

- ~~As payment in full for the services performed under the contract, LHCC pays the PBM an all-inclusive administrative fee, calculated by multiplying the number of processed claims by a transaction fee, which will not exceed \$1.25 per pharmacy claim processed.~~
- ~~In accordance with La. R.S. 46:450.7, the contract prohibits "spread pricing," defined as any amount charged or claimed by a PBM to LHCC that is in excess of the amount paid to the dispensing pharmacy, including the ingredient cost, provider fee and dispensing fee.~~
- ~~The PBM or other subcontractor provides LHCC’s pharmacy staff real-time, unredacted, read access to view the pharmacy claims processing system and prior authorization records, at no cost to LHCC.~~
- ~~The PBM and CPS coordinates with LHCC the dissemination of materials to members and providers such that LHCC can obtain the appropriate prior approvals from LDH, when necessary.~~
- ~~If the PBM contracts with a subcontractor, LHCC will request prior approval of the subcontract and any amendment thereto. To obtain such approval, LHCC will submit a written request and a copy of the proposed subcontract. The request will also describe how LHCC and the PBM will oversee the subcontractor. LDH will provide LDH with any additional information requested by LDH. LDH reviews and approve or deny the subcontractor contract.~~
- ~~The contracted PBM does not make or allow any direct or indirect reduction of payment to a pharmacist or pharmacy for a drug, device, or service under a reconciliation process to an effective rate of reimbursement, including, but not limited to, generic effective rates, brand effective rates, direct and indirect remuneration fees, or any other reduction or aggregate reduction of payment.~~

**REFERENCES:**

Louisiana Healthcare Connections Louisiana Department of Health Approved (Model) Contract 2023  
 Louisiana Medicaid Managed Care Organization (MCO) Manual [3-3-2023](#)  
 Louisiana Department of Health – Gainwell - Batch Pharmacy Encounters Companion Guide [3-30-23](#)  
 Louisiana Department of Health Pharmacy Benefits Management Services Manual ~~–Revision-B~~  
 Louisiana Department of Health - MCO Systems Companion Guide

**ATTACHMENTS:** N/A

**ROLES & RESPONSIBILITIES:** N/A

**REGULATORY REPORTING REQUIREMENTS:**

[HB 434, Act 319](#)[La R.S. 46:460.54](#) applies to material changes for this policy

**REVISION LOG**

REVISION TYPE	REVISION SUMMARY	DATE APPROVED & PUBLISHED
New Policy	New Policy	06/29/22
Annual Review	Updated to new P&P template. Added Policy statement.	04/11/23

	<p>Updated per 2023 LHCC Model Contract and March 2023 LDH MCO Manual.</p> <p>Updated Scope section with “This policy applies to Louisiana Healthcare Connections Claims and Pharmacy Departments, Centene Pharmacy Services, and the contracted PBM.”</p> <p>Change future tense to present tense across the document where applicable.</p> <p>Added Regulatory Reporting Requirements.</p> <p>Updated References.</p>	
<a href="#">Annual Review</a>	<p><a href="#">Removed responsibilities that now belong to State appointed Single PBM (Magellan).</a></p> <p><a href="#">Updated language to reflect current processes.</a></p> <p><a href="#">Grammatical corrections</a></p> <p><a href="#">Updated Policy Name</a></p>	<a href="#">03/12/24</a>

**POLICY AND PROCEDURE APPROVAL**

The electronic approval retained in RSA Archer, the Company’s P&P management software, is considered equivalent to a signature.

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