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| Department: | Pharmacy Management | Original Approval: | 09/09/2009 |
| Policy No: | PM558 | Last Approval: | 02/28/2022 |
| Policy Title: | Prescription Claim Processing for Part D Policy | | |
| Approved By: | CMO Cabinet | | |
| Dependencies: | N/A | | |

Purpose

This document describes the policy Community Health Plan of Washington (CHPW) has instituted to process prescription claims for Part D, ensuring compliance with CMS requirements.

Policy

CHPW delegates claim processing activities to its pharmacy benefit manager (PBM). CHPW's Pharmacy department reviews the policies and procedures from the PBM on an annual basis to ensure compliance to CMS regulations.

CHPW operates a real-time online claims processing system that operates according to CMS standards and has a detailed claims adjudication process, including flow charts, claims management, data capture and claims data retrieval processes.

CHPW is responsible for the submission of prescription drug event (PDE) data by May 31 following the end of the coverage year that will be used to reconcile the reinsurance subsidy, low income cost-sharing subsidies and risk corridors.

CHPW will refund members for any overpayment.

CHPW will pay the PBM for any member underpayment.

Point Of Sale Messaging

CHPW will work closely with the PBM to ensure appropriate Point of Sale (POS) messaging for network pharmacies based on the National Council on Prescription Drug Programs (NCPDP) industry standards. When appropriate, the PBM will provide customized messaging to alert the network pharmacies. CHPW will ensure the PBM system is alerting network pharmacies by submitting NCPDP

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reject code 70 for non-formulary drugs and reject code 75 for drugs that require a Prior Authorization.

Additionally, when a prescription cannot be covered (“filled”) under the Medicare Part D benefit at the POS, the network pharmacies will receive messaging instructing them to distribute the Standardized Pharmacy Notice (CMS-10147). Network pharmacies are required to distribute the Standardized Pharmacy Notice to the member immediately upon receiving a reject response in the following situations:

- Part D covered products not included on the plan’s formulary
- Part D covered products included on the plan’s formulary, but subject to utilization management requirements, such as prior authorization or step therapy
- Part D covered products with quantity limit restrictions

In these situations, the pharmacy must provide the member with information about his or her appeal rights, including the right to contact the Part D plan sponsor and request a coverage determination. CHPW monitors rejected claims to confirm that the PBM is returning correct messaging to pharmacies at the POS.

Overpayment And Underpayment

The PBM performs claim reversal and reprocessing due to situations including but not limited to retro-LICS and DIR. As a result of these reversals and reprocessing, member over- and underpayment are identified and reported to CHPW via Before and After (B&A) reports.

- Member Over-payment—the PBM will issue reimbursement checks to members on behalf of CHPW.
- Member Underpayment—the PBM will bill CHPW any member underpayment.

Daily Rejected Claim Review

CHPW reviews rejected claims to ensure that they are rejecting appropriately and in keeping with Medicare standards. Specifically, CHPW monitors rejected claims to ensure the following compliance standards are adhered to:

Adherence to CMS Approved and Published Formulary

- Specific edits and restrictions are applied appropriately, e.g. PA, ST, QL
- Claim rejected appropriately in accordance with the formulary and that adequate POS messaging is provided to the pharmacy.

Transition Fills

- Claims are rejecting appropriately for new members and year-over-year members impacted by a negative formulary change
- Assess if members eligible for a transition fill inappropriately received a rejection

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- Assess whether the PBM system is appropriately identifying members that are eligible for transition fills

Protected Class Drugs

- Ensure that the six classes of protected drugs are adjudicating appropriately
- Monitor for high cost edits that may prevent members from obtaining protected medications

Monitoring And Oversight

CHPW shall provide an approved prescription drug benefit consistent with the standard prescription drug coverage design to the PBM. Once the PBM loads the configurations into their system, the PBM will provide CHPW with the results prior to the start of the new calendar year. Any issues and discrepancies will be fixed immediately by the PBM.

On a monthly basis, the Pharmacy Department will randomly sample a minimum 20 claims or 5% of the total claims subject to availability for the prior month.

- While reviewing the claims, the pharmacy department will audit the claims for any issues regarding the formulary, tier level of the medication, member eligibility, member co-pay and coverage phase.
- If a potential issue is identified, the Pharmacy Department will contact the PBM to request additional information relevant to the claim to determine if the claim was paid correctly.

Results will be shared with the compliance department. If further action is required they will conduct a detailed assessment to ensure compliance.

List of Appendices

- A. Detailed Revision History

Citations & References

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|--------------------------------|---|--|
| CFR | 42 CFR § 423 | |
| WAC | | |
| RCW | | |
| LOB / Contract Citation | <input type="checkbox"/> WAHIMC | |
| | <input type="checkbox"/> BHSO | |
| | <input checked="" type="checkbox"/> MA | Prescription Drug Benefit Manual, Chapter 14 |
| | <input type="checkbox"/> CS | |
| Other Requirements | | |
| NCQA Elements | UM 12 | |

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Revision History

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|--------------------|---|
| SME Review: | 08/10/2009; 09/11/2009; 04/21/2010; 03/28/2011; 04/19/2011; 03/26/2012; 02/21/2013; 03/24/2014; 04/13/2015; 03/15/2016; 03/01/2017; 03/02/2018; 03/08/2019; 07/31/2019; 02/24/2020; 02/24/2021; 02/22/2022 |
| Approval: | 09/09/2009; 04/30/2010; 05/25/2011; 04/04/2012; 04/19/2013; 04/23/2014; 04/23/2015; 03/18/2016; 03/14/2017; 03/13/2018; 03/13/2019; 03/06/2020; 03/02/2021; 02/28/2022 |

Appendix A: Detailed Revision History

| Revision Date | Revision Description | Revision Made By |
|---------------|---|-------------------|
| 08/10/2009 | New | Rachel Koh |
| 09/09/2009 | Approval | MMLT |
| 09/11/2009 | Review for style; reformat for template | Jennifer Carlisle |
| 04/21/2010 | Reviewed and no change | Maria Chan |
| 04/30/2010 | Approval | MMLT |
| 03/28/2011 | Content Update | Rachel Koh |
| 04/19/2011 | Content Update | Maria Chan |
| 05/25/2011 | Approval | MMLT |
| 03/26/2012 | Review and no change | Maria Chan |
| 04/04/2012 | Approval | MMLT |
| 02/21/2013 | Review and No change | Maria Chan |
| 04/19/2013 | Approval | MMLT |
| 03/24/2014 | Reviewed, minor no changes | Annie Lam |
| 04/23/2014 | Approval | MMLT |
| 04/13/2015 | Some changes, reformat table | Nonye Connor |
| 04/23/2015 | Approval | MMLT |
| 03/15/2016 | Updated reference to specific PBM policies | Mary Eckhart |
| 03/18/2016 | Approval | MMLT |
| 03/01/2017 | Moved to new template | Mary Eckhart |
| 03/14/2017 | Approval | MMLT |
| 03/02/2018 | Moved to new template | Mary Eckhart |
| 03/13/2018 | Approval | MMLT |
| 03/08/2019 | Minor changes | Rebecka Braband |
| 03/13/2019 | Approval | MMLT |
| 07/31/2019 | Reviewed. Citations table updated. | Rebecka Braband |
| 02/24/2020 | Reviewed. No Changes. | Rebecka Braband |
| 03/02/2020 | Department Approval | Yusuf Rashid |
| 03/06/2020 | Approval | CMO Cabinet |
| 02/24/2021 | Reviewed | Omar Daoud |
| 03/01/2021 | Approval | Yusuf Rashid |
| 03/02/2021 | Approval | CMO Cabinet |
| 02/22/2022 | Reviewed, no changes. Departmental approval | Omar Daoud |
| 02/28/2022 | Approval | CMO Cabinet |

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