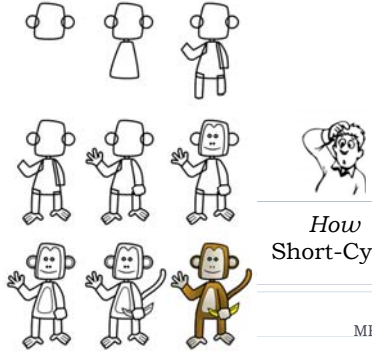


An Update on Operational Issues: Short Cycle Implications on Operating Systems



How am I billing Short-Cycle Claims?

Tom Weiss
MHA Las Vegas, NV
March 18th, 2011

Why Tom Weiss?

- ▶ Skills
 - ▶ **Pharmacy Management Systems**
 - ▶ Process and capabilities
 - ▶ Rescot → NCS → Omnicare
 - ▶ Claim billing, formulary, all dispensing methods, automation
 - ▶ Worked through a lot of disruption over the years
 - PPS, Part D, BAE...
 - ▶ **NCPDP**
 - ▶ LTC Billing Issues Task Group Leader since Part D inception
 - ▶ **Other**
 - ▶ Ninja skills
 - ▶ Nunchuck skills
 - ▶ Computer hacking skills...

Industry progress with short cycle

Market forces
+ CMS Mandate
= Enhanced coding scheme for claim adjudication

...but the new codes can't be put into use before January 1st, 2012!

...oh yeah...that Final Ruling...when?...still speculating...tap tap tap...

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Summary of NPRM responses

- ▶ The ones I've read...
 - ▶ PCMA, AHCA, APhA, NACDS, Omnicare
- ▶ Rule is vague and unworkable
 - ▶ Facts are flawed
 - ▶ Excluded drugs
 - ▶ Dispensing fees
 - ▶ Careful with Refill-too-soon calculations
 - ▶ Careful with copays
 - ▶ Consultant RPhs already adequate
- ▶ Delay until January 2013 or rework
- ▶ Delay reporting of medications returned until 2015

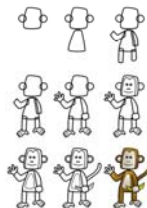
Brand drug list?

Brand name drug means a drug for which an application is approved under section 505(c) of the Federal Food, Drug, and Cosmetic Act (21 USC 355(c)), including an application referred to in section 505(b)(2) of the Federal Food, Drug and Cosmetic Act (21 USC 355(b)(2)).

- ▶ Source list from database vendors?
 - ▶ FDB, Medi-Span, Gold Standard
- ▶ Excluded brands????

What makes a short-cycle claim?

- ▶ The claim needs these values...
 - ▶ Patient residence code = 03 Nursing facility
 - ▶ Patient needs to be LTC as defined by CMS
 - ▶ Brand drug NDC#
 - ▶ Special packaging indicator
 - ▶ Dispensed packaging
 - ▶ Submission clarification code
 - ▶ Frequency, location, circumstance



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429-DT Special Packaging Indicator	
Code	Description
0	Not specified
1	Not Unit Dose- Indicates the product is not being dispensed in special unit dose packaging
2	Manufacturer Unit Dose- A code used to indicate a distinct dose as determined by the manufacturer
3	Pharmacy Unit Dose - Used to indicate when the pharmacy has dispensed the drug in a unit of use package which was "loaded" at the pharmacy- not purchased from the manufacturer as a unit dose
4	Pharmacy Unit Dose Patient Compliance Packaging- Unit dose blister, strip or other packaging designed in compliance-prompting formats that help people take their medications properly
5	Pharmacy Multi-drug Patient Compliance Packaging (Packaging that may contain drugs from multiple manufacturers combined to ensure compliance and safe administration)
6	Remote device unit dose- drug is dispensed at the facility, via a remote device, in a unit of use package
7	Remote device Multi- drug compliance- Drug is dispensed at the facility, via a remote device, with packaging that may contain drugs from multiple manufacturers combined to ensure compliance and safe administration
8	Manufacturer unit of use package (not unit dose) - Drug is dispensed by pharmacy in original manufacturer's package and relabeled for use. Applicable in long term care claims only (as defined in Telecommunication Editorial Document).

429-DT Special Packaging Indicator	
Code	Description
0	Not specified - "I'm a little out of touch with the initiative"
1	Not Unit Dose- Dispensed pills in vials, drops, liquids, creams, patches, compounds, etc.
2	Manufacturer Unit Dose- Pharmacy purchased unit dose
3	Pharmacy Unit Dose - Bingo cards and Artronic
4	Pharmacy Unit Dose Patient Compliance Packaging- Automated, ATC, TCGRx, Opus, etc. in unit-dose time pass packaging
5	Pharmacy Multi-drug Patient Compliance Packaging - Automated, ATC, TCGRx, Medicine-On-Time, Doc-U-Dose, etc. in multi-dose packaging
6	Remote device unit dose- drug is dispensed at the facility, via a remote device, in a unit of use package - Pyxis, Talyst UD, etc.
7	Remote device Multi- drug compliance- Drug is dispensed at the facility, via a remote device - Talyst multi-dose, etc.
8	Manufacturer unit of use package (not unit dose) - Drug is dispensed by pharmacy in original manufacturer's package and relabeled for use. Applicable in long term care claims only (as defined in Telecommunication Editorial Document). - Inhalers, creams, drops, ointments, birth-control pills. stuff where you don't break the package.



These are the short-cycle codes...

420-DK Submission Clarification Code	
Value suggested	Value definition
21	LTC dispensing: 7 days or less not applicable
22	LTC dispensing: 7 days
23	LTC dispensing: 4 days
24	LTC dispensing: 3 days
25	LTC dispensing: 2 days
26	LTC dispensing: 1 day
27	LTC dispensing: 4-3 days
28	LTC dispensing: 2-2-3 days
29	LTC dispensing: daily and 3-day weekend
30	LTC dispensing: Per shift dispensing
31	LTC dispensing: Per med pass dispensing
32	LTC dispensing: PRN on demand
33	LTC dispensing: 7 day or less dispensing method not listed above.

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But we'll also have these....

420-DK Submission Clarification Code	
Value suggested	Value definition
14	Long Term Care Leave of Absence - The pharmacist is indicating that the cardholder requires a short-fill of a prescription due to a leave of absence from the Long Term Care (LTC) facility.
15	Long Term Care Replacement Medication - Medication has been contaminated during administration in a Long Term Care setting.
16	Long Term Care Emergency box (kit) or automated dispensing machine - Indicates that the transaction is a replacement supply for doses previously dispensed to the patient after hours.
17	Long Term Care Emergency supply remainder - Indicates that the transaction is for the remainder of the drug originally begun from an Emergency Kit.
18	Long Term Care Patient Admit/Readmit Indicator - Indicates that the transaction is for a new dispensing of medication due to the patient's admission or readmission status.
19	Split Billing - indicates the quantity dispensed is the remainder billed to a subsequent payer when Medicare Part A expires. Used only in long-term care settings.

Set up your orders at the outset

- ▶ Brand drug orders to Part D nursing home patients
 - ▶ Assign a Special Packaging Indicator
 - ▶ Assign a Submission Clarification code
 - ▶ Establish a typical billing type for the order
 - ▶ Bill-as-dispensed
 - ▶ Post-dispensing
 - ▶ Establish the "Fill number" tracking scheme
 - ▶ Huh?

Bill-as-dispensed (single month)

Patient residence	Fill number	Brand NDC#	Date of service	Quantity	Days Supply	Subm Clarif Code(s)	Special Package Ind
03	00	67845671201	03/02/2011	2	1	16, 18	6
03	01	67845671201	03/03/2011	5	5	22, 18	3
03	02	67845671201	03/08/2011	7	7	22, 18	3
03	03	67845671201	03/15/2011	7	7	22, 18	3
03	04	67845671201	03/22/2011	7	7	22, 18	3
03	05	67845671201	03/29/2011	7	7	22, 18	3

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Post-dispensing (single month)

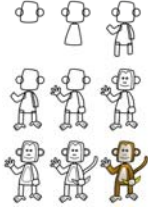
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Post-dispensing (single month)

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03	01	67845671201	03/03/2011	5	5	22, 18	3
03	02	67845671201	03/08/2011	7	7	22, 18	3
03	03	67845671201	03/15/2011	7	7	22, 18	3
03	04	67845671201	03/22/2011	7	7	22, 18	3
03	05	67845671201	03/29/2011	7	7	22, 18	3

Gotta get the contracting right

- ▶ **Promote Bill-as-dispensed***
 - ▶ whenever... wherever ...possible
 - ▶ with constraints for automated point-of-care
- ▶ **Dispensing fees** ("costs associated with acquiring and maintaining technology...")
- ▶ **Make payers embrace new codes**
- ▶ **Excluded drugs**
- ▶ **Fill number versus number of refills**
- ▶ **Copays (once per month and up front)**
- ▶ **Bill exception fills separately**
 - ▶ Emergency supplies
 - ▶ Lost/Contaminated med replacements
 - ▶ Split billing following Med A



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Outta time...

- ▶ Join the conversation...
 - ▶ NCPDP LTC Billing Issues TG of WG14
 - ▶ Kind of like watching it on CSPAN
 - ▶ Meeting times typically scheduled as needed on Tuesdays at 4pm – 5pm ET
 - ▶ Contact Teresa Strickland to join the TG
 - ▶ tstrickland@ncpdp.org
- ▶ "...or you can take the butcher's word for it"



Appendix

- ▶ The slides after this are for your reference



Considerations

- What happens during adjudication?
 - Pro-DUR
 - Eligibility
 - Formulary
 - Benefit
 - Overrides
 - COB
 - Outcome
 - Rejection
 - Reimbursement
 - Transaction fee
 - TrOOP
- What happens after adjudication?
 - Remittance advice
 - Pharmacy auditing
 - Payer submits PDE
 - Beneficiary receives EOB
 - TrOOP updates



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Pro-DUR

- ▶ **“Pro” means.....** *Prospective? In advance? Up front? Safely?*
 - ▶ Refill-too-soon
 - ▶ Days supply
 - ▶ Duplicate therapy
 - ▶ Drug interactions
 - ▶ High-Low dose alerts
 - ▶ Prior-auth
 - ▶ Formulary and Benefit
 - ▶ Plan limits

Billing methods

- ▶ **Bill-as-dispensed**
 - ▶ Date of service is the dispense date of a cycle
 - ▶ Today's prevalent billing method
- ▶ **Post-dispensing**
 - ▶ Wait to adjudicate until enough cycles in a month have been dispensed
 - ▶ Date of service is dispense date of the first cycle
 - ▶ How today's voluntary short-cycle is billed
 - ▶ *Pre-Determination of Benefits...er...“test claims”*
- ▶ **Pre-dispensing**
 - ▶ Anticipate that future cycles will be dispensed
 - ▶ Date of service is the dispense date of the first cycle

Bill-as-Dispensed - Strengths

- ▶ Pro-DUR (except RTS lead times)
- ▶ Prior authorization
- ▶ Formulary
 - ▶ Will know payer limitations prior to dispensing
- ▶ Lower audit risk
- ▶ Inventory carrying costs
- ▶ DEA drug class 2-5 resupply
- ▶ Built-in split billing benefit

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Bill-as-Dispensed – Threats and Opportunities

- ▶ Pro-DUR for RTS lead times and calculated utilization
 - ▶ Delivery and order prep challenges need to be factored into lead times
- ▶ Copay calculations pushed to payer software side
- ▶ Not suited for Point-of-care dispensing
- ▶ Not COB friendly
- ▶ Additional transaction fees
- ▶ Increased claim volume on remittance advice (835)
- ▶ Member EOB reflects more claims, may confuse
- ▶ Transition coverage needs more fills
- ▶ ...and what is a “fill”?

Pre-dispensing Strengths

- ▶ Inventory carrying costs*
- ▶ Pro-DUR
 - ▶ Refill-too-soon
- ▶ Prior-authorization
- ▶ Formulary
 - ▶ Will know plan limitations prior to dispensing
- ▶ End-of-year simplification
- ▶ Nestles with benefit design
 - ▶ Copay and coinsurance predictability

Pre-dispensing – Threats and opportunities

- ▶ Serious audit risk for provider
- ▶ Audit expense and new audit techniques for payer
- ▶ COB accepted practice?
- ▶ Reverse and Rebill prevalence
- ▶ GAAP cost of goods sold
 - ▶ If product is backordered or changes mid-adjudication cycle {e.g. generic sourced from different manufacturer}
 - ▶ If product cost changes mid-adjudication cycle
- ▶ Never been tried
 - ▶ Significant list of software enhancements and record keeping
 - ▶ New operational techniques for audit management and reporting

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Post-dispensing Strengths

- ▶ Known paradigm for some providers.... years of toiling
 - ▶ Have survived audits
- ▶ Most LTC pharmacy management systems have groomed it
- ▶ Copay and Coinsurance friendly
- ▶ COB friendly unless there are timely filing requirements of downstream payers
- ▶ Adjudicated quantity reflects what patient likely consumes
- ▶ Claim reversals less likely
- ▶ DEA drug class 2-5 resupply

▶

Post-dispensing - Threats and Opportunities

- ▶ No Pro-DUR
- ▶ Increases all claim rejections and delays interventions
 - ▶ Formulary and Prior auth rejections
 - ▶ DUR rejections
 - ▶ Eligibility rejections
- ▶ Timely filing days reduced from 90 to less than 60
- ▶ Increases inventory carrying costs
- ▶ Requires additional pharmacy management system record keeping and processing overhead
- ▶ Requires a "test claim" at the outset – yeah...tons of 'em
 - ▶ Unlikely Pre-Determination of Benefits implementations

▶

Auditing

- ▶ Typical requests
 - ▶ Screen prints from the pharmacy management system
 - ▶ Provider completes entries into payer-supplied spreadsheets {SIGs or directions-for-use}
 - ▶ Proof-of-delivery
 - ▶ Hardcopy prescription orders/refill requests
 - ▶ Purchases versus sales/invoice audits (confirm NDC#)

▶

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Pre-dispensing method audit survival

- ▶ More LTC pharmacy management system technology
 - ▶ 4 to 10 times dispensing transaction record-keeping capacity
 - ▶ Logic and processing to sniff billed but unfulfilled claims
 - ▶ Reverse and rebill processing for PAID but unfulfilled claims



Reporting medications returned to pharmacy

- ▶ Reporting requirement being discussed currently... not a financial transaction
 - ▶ Will not require HIPAA compliance
- ▶ NCPDP has a Task Group in WG14 working on this
- ▶ Currently limiting discussions to reporting brand medications