



TEXAS
Health and Human
Services

Texas Vendor Drug Program Pharmacy Provider Procedure Manual

Drug Rebates

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1 Rebate Administration

The Medicaid Drug Rebate Program is a partnership between the Centers for Medicare & Medicaid Services (CMS), state Medicaid agencies, and participating drug manufacturers working together to offset the federal and state costs of outpatient prescription drugs dispensed to Medicaid patients. Approximately 600 manufacturers currently participate in this program.

VDP receives federal funds for prescription claims on drugs made by manufacturers participating in the Medicaid Drug Rebate program. Manufacturers agree to pay rebates according to their state and federal contracts in return for having drugs covered by Texas Medicaid.

2 Desk Reviews and Disputes

Each calendar quarter, the VDP rebate administrator staff summarize all paid claims by drug and bill the drug companies for their products. The manufacturer pays the invoice but may have questions about the reported utilization. If this occurs, the rebate administrator staff will review the claim level data for the specific drug. Questions about claims originally submitted by an MCO are directed to the MCO for resolution.

2.1 Pharmacy Claims

If a manufacturer disputes a claim, the rebate administrator staff will contact either VDP or the dispensing pharmacy, for clarification of claims paid by HHSC, or refer the dispute to the MCO. If the pharmacy has made an error, and the service date of the claim is within the 90-day filing period, the pharmacy can reverse the original claim and resubmit the corrected data. If the claim is over 90 days, the rebate auditors will instruct VDP or MCO staff how to correct the claim.

Some of the common reasons pharmacy claims are disputed include:

- A decimal point is omitted
- The quantity claimed does not match the package size (e.g. 14.5-grams claimed and the NDC is for a 17-gram inhaler)
- Excess quantity: this can be valid, a keying error, or the claim was billed using the wrong unit of measure (e.g. entered 300 in the quantity and the price is for 30)

- Low reimbursement: this can be because of keying errors, or billing the wrong unit of measure

Pharmacy staff should the units being submitted are accurate for the claim and product being submitted. Pharmacies eligible for discounts through the Health Resources and Services Administration 340B designation should submit claims with appropriate modifiers.

2.2 Clinician-Administered Claims

The manufacturer will dispute a claim if the decimal is omitted, the quantity is rounded up to the next whole number, or the physician/clinician does not enter the number of units administered based on the Healthcare Common Procedure Coding System (HCPCS) description and conversion factor found in the appropriate NDC-to-HCPCS Crosswalk. If a manufacturer disputes a claim, the rebate administrator staff may contact VDP for a clarification.

Some of the common reasons medical claims are disputed include:

- The quantity administered was not reported correctly.
 - ▶ This is most common if the HCPCS description is for more than "1". For example, the description for HCPCS code J1885 is "Injection, ketorolac tromethamine, per 15 mg", therefore 15 mg equals 1 HCPCS unit. If 15 mg is administered, then the correct number of HCPCS units to claim is 1, not 15. Likewise, if 30 mg is administered, the number of units claimed would be 2. The number of HCPCS must then be converted to reflect the correct units for the NDC used.
- Low reimbursement is received for the quantity of services provided or amount claimed.
- Missing or invalid NDC on the claim.