

# Texas Vendor Drug Program **Pharmacy Provider Procedure Manual**

## Payment

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The Pharmacy Provider Procedure Manual (PPPM) is available online at [txvendordrug.com/about/policy/manual](http://txvendordrug.com/about/policy/manual).



**TEXAS**  
Health and Human  
Services

*Medical and  
Social Services*

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# 1 Pharmacy Payment

VDP pays pharmacies enrolled with HHSC for outpatient pharmaceuticals dispensed to eligible people according to the procedures outlined and the limitations included in this material. VDP processes outpatient pharmacy claims for:

- Fee-for-service Medicaid
- Children with Special Health Care Needs (CSHCN) Services Program
- Healthy Texas Women (HTW) program
- Kidney Health Care (KHC) Program

## 2 Provider Payment Algorithms

The VDP Pharmacy Claims System ("system") takes the below fields into account when it adjudicates each pharmacy claim.

### 2.1 Usual and Customary

The "Usual and Customary" (UAC) field (426-DQ) captures the amount requested for reimbursement. The usual and customary price is the price most frequently charged to the general public. Claims submitted with an UAC value greater than or equal to \$10, 000 will reject. The dispensing pharmacy must contact VDP for an override. Refer to the "Vendor Drug Program Correspondence" section of the [Contact Information](#) chapter of the PPPM to contact the Pharmacy Benefits Access Help Desk.

### 2.2 Gross Amount Due

The "Gross Amount Due" (GAD) field (430-DU) reflects the pharmacy's usual and customary price less discount or special price. Claims submitted with a GAD value greater than or equal to \$10, 000 will reject. The dispensing pharmacy must contact VDP for an override. Refer to the "Vendor Drug Program Correspondence" section of the [Contact Information](#) chapter of the PPPM to contact the Pharmacy Benefits Access Help Desk.

## 2.3 Basis of Cost Determination

The value submitted in the "Basis of Cost Determination" field (423-DN) value indicates the method by which the price submitted in the "Ingredient Cost Submitted" field (409-D9) was calculated. The system accepts the values in Table 1 and any other submitted value will reject with NCPD error code "DN" ("M/I Basis of Cost Determination").

**Table 1 - NCPDP Basis of Cost Determination Values**

Value	Definition	Note
ØØ	Default	Will default to Direct.
Ø1	AWP (Average Wholesale Price)	
Ø3	Direct	
Ø8	340B / Disproportionate Share Pricing/Public Health Service	For Public Health Service pharmacies only. Refer to the Health Resources Services Administration PPPM chapter.
Ø9	Other	For claims with drugs purchased from a central purchasing entity or a warehouse.

## 2.4 Submission Clarification Code

Pharmacies eligible to participate in the 340B Drug Pricing Program must identify all outpatient pharmacy claims filled with 340B stock for 340B-eligible people by submitting the value of "2Ø" (34ØB / Disproportionate Share Pricing/Public Health Service) in the "Submission Clarification Code" field (420-DK). Refer to the [Health Resources and Services Administration](#) chapter of the PPPM to learn more about billing requirements for eligible pharmacies.

## 3 Provider Payment Calculation

The fields shown in Table 2, including "Basis of Reimbursement Determination" field (522-FM), are returned on the paid claim response. Refer to the "NCPDP B1 Transaction Paid Response" payer sheet for specific transaction, segment, and field

requirements. Download the VDP Pharmacy Provider Payer Sheets at [txvendordrug.com/about/policy/payer-sheets](http://txvendordrug.com/about/policy/payer-sheets).

**Table 2 - NCPDP B1 Accepted Response Pricing Segment**

Field Name	Field Number
Patient Pay Amount	505-F5
Ingredient Cost Paid	506-F6
Dispensing Fee Paid	507-F7
Incentive Amount Paid	521-FL
Professional Service Fee Paid	562-J1
Other Payer Amount Recognized	566-J5
Total Amount Paid	509-F9
Basis of Reimbursement Determination	522-FM

## 4 Payment

### 4.1 Payment Cycle

All payable Medicaid, CSHCN, HTW, and KHC claims, submitted either electronically or on paper, are paid weekly. The payment cycle begins at 12:00:00 a.m. on Friday and ends at 11:59:59 p.m. the following Thursday. Payments are generally issued to financial institutions on Monday night and are posted to the pharmacy providers' accounts according to their financial institution's schedule (usually within 72 hours). Federal and state holidays may impact payment date (refer to section 6 below).

Payments for claims from all programs will appear on the same payment warrant, direct deposit, and remittance advice.

## 5 Remittance Advice Files

Pharmacy providers will receive the following files each week:

- Standard ASC X12N 835 Health Care Payment/Advice
- VDP payment register in portable document format (PDF)

The files will identify claims that have been paid or reversed. Pharmacy staff should examine each document carefully and maintain documents for future reference. Payment files are not mailed and pharmacy staff must obtain the files from the VDP Payment File Portal (PFP).

### 5.1 VDP Payment File Portal

The Pharmacy Payment File Portal (PFP) ([moveit.pdc.conduent.com/](http://moveit.pdc.conduent.com/)) is browser-based portal to obtain pharmacy remittance advice files. All VDP-enrolled pharmacy providers are eligible to create a free account. The PFP is accessible only through the Microsoft® Internet Explorer® browser.

Download the **Pharmacy Electronic Remittance Advice Agreement Form** from the "Downloads" page at [txvendordrug.com/resources/downloads](http://txvendordrug.com/resources/downloads). Pharmacies that have an agreement with a third party entity to access payment information to reconcile payment files must also complete the form. Changes, terminations and addition of providers for third party entities must be reported by submitting an updated form.

Refer to the "Pharmacy Payment" section of the [Contact Information](#) chapter of the PPPM for PFP Correspondence.

### 5.2 State Comptroller

Pharmacies who wish to view their payment information will need to set up an account with the Texas Comptroller of Public Accounts and be assigned an 11-digit Texas Identification Number (TIN). To learn more, refer to the "State Payee Payment Resources" at [fmx.cpa.texas.gov/fmx/payment/resources/index.php](http://fmx.cpa.texas.gov/fmx/payment/resources/index.php).

## 6 Payment Delays

There will be a one-day delay in traditional Medicaid (fee for service), CSHCN Services Program, and Kidney Health Care Program payments to pharmacy providers because of the following federal holidays that occur on Monday:

- Martin Luther King, Jr. Day (third Monday of January)
- Presidents Day (third Monday of February)
- Memorial Day (last Monday of May)
- Labor Day (first Monday in September)
- Columbus Day (second Monday in October)

There will also be a one-day delay in payment when the following holidays occur on Monday:

- New Year's Day (January 1)
- Independence Day (July 4)
- Veterans Day (November 11)
- Christmas Day (December 25)
- Day After Christmas (December 26)

These and any other unscheduled delays will be announced on the VDP website and broadcast through email. To register for the free email service, refer to the "HHSC Email Subscription Service" section in the [Introduction](#) chapter of the PPPM. Refer to the "Payment Delays" section at [txvendordrug.com/providers/payment](http://txvendordrug.com/providers/payment) for a list of holidays and when payments will be available.

## 7 Refunds

Claims that are billed incorrectly, resulting in the pharmacy provider owing VDP a refund, should be adjusted or recouped within 90 days of the original date of service.

If it is necessary to issue a refund to VDP, the pharmacy provider should first attempt to reverse the claim or contact VDP to determine if the claim(s) can be adjusted electronically. Pharmacies have 720 days from the date of service to reverse the claim online. The Pharmacy Benefits Access Help Desk can reverse

claim(s) online through the current triennium (current fiscal year plus two previous fiscal years).

Claims that are outside the current triennium cannot be adjusted electronically and must be refunded to the state by check or money order. A cover letter including individual claim-level detail is required with the refund. The pharmacy's six-digit Vendor Drug contract ID number must be displayed on both the documentation and the check/money order to expedite the refund.

Refer to the "Pharmacy Refunds" section of the [Contact Information](#) PPPM chapter for instruction on where to submit refunds to HHSC. Please do not send refund checks to Conduent-Pharmacy as they are the claims processor for the Vendor Drug Program, not the fiscal agent.

## 8 Managed Care Organizations

Claims that are billed through a contracted managed care organization (MCO) use the software sanctioned by the MCO and its contracted pharmacy benefits manager (PBM). Questions regarding remittance should be addressed to the MCO. Refer to the [Managed Care](#) PPPM chapter for more information on contacting health plans in your area.