Texas Vendor Drug Program
Pharmacy Provider Procedure Manual

Payment

June 2019

www.txvendordrug.com/about/policy/manual
1 Pharmacy Payment

The Vendor Drug Program pays pharmacies enrolled with HHSC for dispensed outpatient pharmaceuticals for people enrolled in:

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

Claims for people enrolled in Medicaid managed care or the Children’s Health Insurance Program (CHIP) are billed through the managed care organization (MCO) and its contracted pharmacy benefits manager. Questions regarding remittance of these claims should be addressed to the MCO. Refer to the Managed Care chapter of this manual to contact the MCOs in your area.

2 Provider Payment Algorithms

The VDP Pharmacy Claims System considers the following fields during the claim adjudication process.

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 public.

Claims submitted with an UAC value greater than or equal to $10,000 will reject with NCPDP code “DQ” ("M/I Usual and Customary Charge"), and the dispensing pharmacy must contact VDP for an override. Refer to the "Vendor Drug Program Correspondence" section of the Contact Information chapter of this manual on how 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 with NCPDP code “DU” ("M/I Gross Amount Due"), and the dispensing pharmacy must contact VDP for an override. Refer to the "Vendor Drug Program Correspondence"
section of the Contact Information chapter of this manual on how 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) indicates the methodology 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 NCPDP code “DN” (“M/I Basis of Cost Determination”).

Table 1 - NCPDP Basis of Cost Determination Values

<table>
<thead>
<tr>
<th>Value</th>
<th>Definition</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>ØØ</td>
<td>Default</td>
<td>Will default to Direct.</td>
</tr>
<tr>
<td>Ø1</td>
<td>AWP (Average Wholesale Price)</td>
<td></td>
</tr>
<tr>
<td>Ø3</td>
<td>Direct</td>
<td></td>
</tr>
<tr>
<td>Ø8</td>
<td>340B / Disproportionate Share Pricing/Public Health Service</td>
<td>For Public Health Service pharmacies only. Refer to the 340B Resources chapter of this manual.</td>
</tr>
<tr>
<td>Ø9</td>
<td>Other</td>
<td>For claims with drugs purchased from a central purchasing entity or a warehouse.</td>
</tr>
</tbody>
</table>

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 " (340B / Disproportionate Share Pricing/Public Health Service) in the "Submission Clarification Code" field (420-DK). Refer to the 340B Resources chapter of this manual 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 www.txvendordrug.com/about/policy/payer-sheets.

Table 2 - NCPDP B1 Accepted Response Pricing Segment

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

4 Payment

4.1 Payment Cycle

All payable Medicaid, CSHCN, HTW, and KHC claims 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 identify paid or reversed claims. Pharmacy staff should examine each document 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/) is browser-based portal pharmacy staff use 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 (HHSC Form 1316) from the "Downloads" page at www.txvendordrug.com/resources/downloads to setup your account. Third-party entities accessing payment information on behalf of pharmacy staff 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 this manual for PFP Correspondence.

5.2 State Comptroller
Pharmacies may view their payment information through an account with the Texas Comptroller of Public Accounts. To learn more, refer to the “State Payee Payment Resources” at fmx.cpa.texas.gov/fmx/payment/resources/index.php.

6 Payment Delays
There will be a one-day delay in traditional Medicaid, CSHCN Services Program, and Kidney Health Care Program payments because of the following federal holidays occurring on Monday:

- Martin Luther King, Jr. Day (third Monday of Jan.)
- Presidents Day (third Monday of Feb.)
- Memorial Day (last Monday of May)
- Labor Day (first Monday of Sept.)
- Columbus Day (second Monday of Oct.)
There will also be a one-day delay in payment when the following holidays occur on Monday:

- New Year’s Day (Jan. 1)
- Independence Day (July 4)
- Veterans Day (Nov. 11)
- Christmas Day (Dec. 25)
- Day After Christmas (Dec. 26)

Unscheduled delays are announced on the VDP website.

## 7 Refunds

Claims 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.

Pharmacy staff should first attempt to reverse the claim. Pharmacies have 720 days from the date of service to reverse the claim online.

If pharmacy staff are unable to reverse the claim, then they should contact the Pharmacy Benefits Access Help Desk. Help desk staff can reverse claims through the current triennium, or the current fiscal year plus two previous fiscal years.

Claims 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 and 10-digit NPI 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 chapter of this manual for instruction on where to submit refunds to HHSC. Pharmacy staff should not send checks to the VDP claims processor, Conduent-Pharmacy.