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POLICY FOR CLAIMS IN THE STATE OF INDIANA: INITIAL PRICING APPEALS AND PHARMACY AUDITS

Pricing Appeals Overview (General Procedures):

If a pharmacy experiences a negative reimbursement for a drug or medical product or device, they may do one of the following:

(1) Contact Provider Relations (providerrelations@medone-rx.com) to obtain a Pricing Inquiry Form.

(2) Submit appeals using the standard form provided by the commissioner of commerce and insurance.

(3) Fill out the following fields in excel. Items in red are mandatory:

- Appeal Date
- Contact Name
- Email Address
- Date Filled
- Rx Number
- BIN
- PCN
- NCPDP Number
- NDC number (11 digits)
- Quantity
- Pharmacy Name
- GPI Number (14 Digits)
- Acquisition Cost/Unit
- Invoice Number

When filling out the form, please be sure all pertinent and required information is provided. Inquiries must be completed accurately in order to receive a response. Please email the completed form to pricinginquiry@medone-rx.com.

How we will respond:

- We will respond via phone or in writing in accordance with state and federal Laws and regulations.
- If the NDC is approved for adjusted pricing, you can reprocess the claim following the approval and the effective date would be for the fill date for claim upon which the appeal is based.
- If an appeal is denied, MedOne will respond with the name of a wholesaler operating in the applicable state and an NDC that is available at a price that is less than the amount of the challenged reimbursement rate.
- If upon the appeals review, MedOne cannot provide the national drug code of an equivalent drug or medical product or device that is generally available for purchase by pharmacies at a price which is equal to or less than MedOne's MAC price for that drug or medical product or device, MedOne shall approve such an appeal.

Pharmacy Audits Overview (General Procedures):

As the Prescription Benefit Manager (PBM) for various Payors, MedOne has an obligation to ensure all contracted services are being provided. While MedOne may perform pharmacy audit functions to ensure program integrity, both MedOne and providers are required to comply with the audit language in the MedOne Pharmacy Network Agreement (MPNA).

For pharmacies located in the State of Indiana, in the event of a conflict between the procedures outlined in the MPNA and the Indiana-specific requirements below, the Indiana-specific requirements will take precedence.

Audited pharmacies are identified based on internal analysis, external information provided to MedOne or compliance calls to MedOne. Advanced notice is provided to pharmacies, unless otherwise specified in the MPNA, required by applicable State/Federal Law or suspected fraud has been identified. When there is suspected fraud, no audit notice is required.

MedOne audits may be in one of the following forms: desk, on-site, invoice, pre-payment review, correspondence and special investigational. MedOne will follow all required audit rules for states with specific pharmacy auditing regulations.

On-site Audits

Pharmacies selected for an on-site audit will receive notification thirty (30) days prior to the audit or as specified in the MedOne Pharmacy Network Agreement. The notification will inform the pharmacy of:

- *Date and time of the audit*
- *Auditor photo*
- *Pharmacy records required for audit (masked list of prescription numbers, signature logs, invoices, etc.)*

On-Site audits will be conducted during the pharmacy's regular business hours. An auditor will visit the pharmacy to review the pharmacy's documentation in support of the claims submitted to MedOne. The auditor will also examine that the pharmacy is in compliance through verification of licenses, certifications, procedures and with specific sections of the provider agreement and applicable rules, Laws and regulations.

In order for both parties to remain HIPAA compliant, a pharmacy staff member will need to retrieve documentation. Audit documentation, including prescriptions and supporting documentation, may be copied/scanned by the auditor.

Following an on-site audit, the auditor will give general feedback about what was observed during the audit. Pharmacies will receive preliminary findings within fourteen (14) business days following the audit. Along with the findings will be information on how pharmacies may appeal the results of the audit.

Desk Audits

A desk audit is a retrospective audit on adjudicated claims. MedOne will send out a formal letter requesting copies of prescriptions and signature logs be emailed, faxed or mailed to MedOne within thirty (30) calendar days. If documentation is not received within thirty (30) days, a second notification will go out requesting the information.

After initial review of the claims is complete, a letter or fax will be sent to the pharmacy with preliminary audit results. At that time, the pharmacy will be given the opportunity to appeal the results. All appeals must be in writing. Acceptable appeal documentation may include items such as Prescriber notes, Prescriber letter, written and/or electronic documentation of changes made to original hard copy with dates specified or other items that support the claim in question. Final audit results will be faxed or mailed to the pharmacy after the appeal window closes and will include dollar amounts of any financial recovery. No further appeals will be accepted.

Audit Appeals

Prescriber statements will only be accepted on the Prescriber letterhead and should include:

- *Prescriber address and telephone number*
- *Member name*
- *Drug name and strength*
- *Written date and method of transmission (origin)*
- *Specific directions (include original and clarified directions)*
- *Quantity and refills authorized*
- *Prescriber signature and date*
- *NOTE: Telephone prescriptions are not acceptable for post-audit documentation. Statements prepared by the pharmacy for the Prescriber to sign will not be accepted.*

Member statements may be considered and should include:

- *Member address and telephone number*
- *Drug name*
- *Prescription number*
- *Date of service*
- *Member signature*

The auditor in charge will review the appeal and supporting documentation. Pharmacies will be notified of the final audit results once the appeal window is closed.

Audit Recoveries

Recoveries may be necessitated by claim errors resulting from poor documentation or filing procedures. Premature destruction, incomplete records or missing records will not be accepted as reasons for incomplete documentation. All unsubstantiated claims are subject to full recovery as a MedOne Overpayment. Audit recoveries may be handled by:

- *Offsetting the audit recovery amount from the pharmacy's next remittance*
- *Requesting the pharmacy to reverse and reprocess the claim, if the claim is less than 90 days old*

In the event of a discrepancy in audit language between the MedOne Provider Manual and the MedOne Pharmacy Network Agreement, the MedOne Pharmacy Network Agreement shall take precedence.

INDIANA-SPECIFIC REQUIREMENTS

CONFLICTING TERMS

In the event of a conflict between the Indiana-Specific Requirements set forth below and the terms of the general procedures set forth above, the terms of MedOne's Pharmacy Network Agreement, or the terms of the MedOne Provider Manual, the terms of the Indiana-Specific Requirements shall control.

IDENTIFICATION OF SOURCES USED TO CALCULATE REIMBURSEMENT

MedOne bases reimbursement calculations on information provided by multiple nationally recognized wholesalers (e.g., Cardinal Health, Amerisource Bergen) pursuant to contracts that MedOne holds with those organizations. These sources are made available to contracted providers.

RIGHT TO OBTAIN SOURCES USED TO DETERMINE MAC PRICING

Indiana providers, pharmacy services administrative organizations (PSAOs), and group purchasing organizations (GPOs) have the right to obtain a current list of the sources used to determine MAC pricing within ten (10) calendar days of request. While many of MedOne's agreements with providers and PSAOs predate the effective date of this regulation, MedOne's agreements provide for MedOne's compliance with state MAC pricing and appeals requirements, and MedOne's policy is to furnish providers the sources used to determine MAC pricing within ten days of request or such other time that may be required by law. To the extent that MedOne executes new agreements or amends existing agreements with providers, PSAOs, or GPOs in Indiana, we will ensure the agreement incorporates this right.

ESTABLISHMENT OF MAC APPEALS PROCESS

MedOne has a process in place allowing contracted pharmacies, PSAOs, and / or GPOs to appeal and resolve disputes regarding MAC pricing in accordance with the requirements of IC 27-1-24.5-22(a)(2).

MAINTENANCE OF MAC LIST

MedOne updates its MAC List at least once every seven calendar days, unless a different timeframe is set forth in our agreement with a pharmacy. At least once every seven calendar days, MedOne will send updated MAC Lists via email to our primary point(s) of contact at each pharmacy in Indiana in accordance with IC 27-1-24.5-22(a)(3).

PLACEMENT OF DRUG(S) ON MAC LIST

MedOne maintains its MAC List in compliance with the requirements set forth in IC 27-1-24.5-22(a)(4). Before placing a prescription drug on our MAC list, MedOne ensures that the drug:

- Is not obsolete;
- Is generally available for purchase by pharmacies in Indiana from a national or regional wholesaler licensed in Indiana; and
- Is not temporarily unavailable, listed on a drug shortage list, or unable to be lawfully substituted.

MAC APPEALS – INITIAL APPEAL DEADLINE

MedOne's appeals process is available for a period of at least sixty days after filing of the claim as required by IC 27-1-24.5-22(B)(1).

MAC APPEALS – DISPUTE RESOLUTION TIMEFRAME

In accordance with 760 IAC 5-4-2(2), MedOne's MAC appeals process allows contracted pharmacies, PSAOs, and GPOs to appeal, investigate, and resolve disputes regarding MAC Pricing, with a requirement that such appeals be investigated and resolved within thirty (30) calendar days following our receipt of the appeal.

MAC Appeals – Information Provided with Denied Appeals

In accordance with IC 27-1-24.5-22(b)(3), in the case of a ***denied*** appeal, MedOne will:

Provide appealing contracted pharmacies, PSAOs, and / or GPOs with the reason for the denial and the applicable NDC of the prescription drug that is available from a national or regional wholesaler operating in Indiana.

MAC Appeals – Additional Requirements for Approved Appeals

In accordance with IC 27-1-24.5-22(b)(4), in the case of an **approved** appeal, MedOne will:

- Change the maximum allowable cost of the drug for the pharmacy that filed the appeal as of the initial date of service that the appealed drug was dispensed;
- Adjust the maximum allowable cost of the drug for the appealing pharmacy and for all other contracted pharmacies in the same network of the pharmacy manager that filled a prescription for patients covered under the same health benefit plan beginning on the initial date of service the appealed drug was dispensed;
- Notify each pharmacy in the pharmacy benefit manager's network that the maximum allowable cost for the drug has been adjusted as a result of an approved appeal;
- Adjust the drug product reimbursement for contracted pharmacies that resubmit claims to reflect the adjusted maximum allowable cost, if applicable;
- Allow the appealing pharmacy and all other contracted pharmacies in the network that filled the prescriptions for patients covered under the same health plan to reverse and resubmit claims and receive payment based on the adjusted maximum allowable cost from the initial date of service the appealed drug was dispensed; and
- Make retroactive price adjustments in the next payment cycle unless otherwise agreed to by the pharmacy.

Pharmacy Audits – Claims Auditing Procedures

MedOne's pharmacy audit procedures comply with the requirements of IC 27-1-24.5-22(b)(5). Our procedures in this respect:

- Do not include the use of extrapolation or any similar methodology;
- Do not allow for recovery by MedOne of a submitted claim due to clerical or other error where the patient has received the drug for which the claim was submitted;
- Allow for recovery by a contracted pharmacy for underpayments by MedOne; and
- Only allow for MedOne to recover overpayments on claims that are actually audited and discovered to include a recoverable error.

Pharmacy Audits – Conduct of Auditor(s) / Scope and Reasonableness of Audit(s)

In accordance with 760 IAC 5-3-3, MedOne's audit procedures adhere to the following requirements:

- The contract under which the audit is performed must provide a description of audit procedures that will be followed;
- For an onsite audit conducted at a pharmacy's location, the auditor that conducts the audit must provide written notice to the pharmacy or pharmacist at least fourteen (14) calendar days before conducting the initial onsite audit for each audit cycle;
- The auditor must not interfere with the delivery of pharmacist services to a patient, and must use every effort to minimize inconvenience and disruption to pharmacy operations during the audit. This subdivision does not prohibit audits during normal business hours of the pharmacy;

• If the audit requires use of clinical or professional judgment, the audit must be conducted by or in consultation with an individual licensed as a pharmacist under IC 25-26;

• The auditor must allow the use of written or otherwise transmitted hospital, physician, or other health practitioner records to validate a pharmacy record;

• The auditor must perform the audit according to the same standards and parameters that the auditor uses to audit all other similarly situated pharmacies;

• The period covered by the audit must not exceed twenty-four (24) months after the date on which a claim that is the subject of the audit was submitted to or adjudicated by the pharmacy benefit manager, unless a longer period is required under federal or state law. The pharmacy must be permitted to resubmit electronically any claims disputed by the audit. Audit procedures must provide for a period of at least thirty (30) calendar days during which the pharmacy may resubmit a disputed claim;

• The auditor must not schedule an audit to begin during the first seven (7) calendar days of a month without the voluntary consent of the pharmacy. The consent may not be mandated by a contract or other means;

• Payment to the auditor for conducting the audit must not be based on a percentage of the amount recovered as a result of the audit;

• Within twenty-four (24) hours of receiving the notice of an audit, a pharmacy may reschedule the audit to a date not more than fourteen (14) calendar days after the date proposed by the auditor. However, if the auditor is unable to reschedule within the fourteen (14) calendar day period, the auditor must select and reschedule the audit for a date after the fourteen (14) calendar day period;

• The auditor must allow a pharmacy or pharmacist to produce documentation to address a discrepancy found during the audit.