



Newsletter

*Published by the
N.J. Dept. of Human Services,
Div. of Medical Assistance & Health Services
& the N.J. Dept. of Health & Senior Services
Div. of Consumer Support*

Volume 8 No. 10

February 1998

TO: Providers of Pharmaceutical Services

SUBJECT: Acquisition Record Audits

EFFECTIVE: Paid claims with service dates on and after June 1, 1997

PURPOSE: (1) To notify providers of pharmaceutical services regarding acquisition record audits being performed by Blue Cross/Blue Shield of New Jersey (BCBSNJ) to verify actual National Drug Code (NDC) reporting on paid pharmacy claims; and (2) to reconcile disputed claims reported by drug manufacturers in the State's drug rebate programs.

BACKGROUND: BCBSNJ, on behalf of the New Jersey Department of Human Services (DHS), Division of Medical Assistance and Health Services (DMAHS) and the New Jersey Department of Health and Senior Services (DHSS), Division of Consumer Support (DCS), completes periodic desk audits of paid pharmacy claims to determine pharmacy compliance with Medicaid and Pharmaceutical Assistance to the Aged and Disabled (PAAD) regulations concerning State payments for drugs assigned Maximum Allowable Cost (MAC) prices.

The audit responsibilities of BCBSNJ have recently been expanded to include desk audits of pharmacy acquisition records to verify actual NDC reporting by providers of pharmaceutical services on paid pharmacy claims. This reporting requirement is found in the New Jersey Administrative Code (N.J.A.C.) 10:51-1.9 and 10:51-4.9 for Medicaid and PAAD paid claims, respectively.

In addition to ensuring compliance with State regulations, the expanded audit process is intended to verify the accuracy of information reported on paid pharmacy claims. This is essential to ensure that information used by the State to calculate drug rebates billed to drug manufacturers participating in the State's drug rebate programs is

accurate. Incorrect reporting of NDC numbers on paid claims causes the loss of rebate payments to New Jersey due to overcharging drug manufacturers for rebate liabilities.

ACTION: Effective for paid claims with service dates on or after June 1, 1997, providers of pharmaceutical services are required to provide BCBSNJ, on request, and as a component of periodic and routine desk audits of pharmacies participating in the Medicaid and PAAD programs, drug acquisition records for twenty (20) paid pharmacy claims identified by BCBSNJ through a random selection process.

For the purpose of this audit, "drug acquisition records" shall be limited to invoice documentation which clearly indicates the (1) NDC reported on the randomly selected paid claims; (2) drug name; and (3) drug strength.

During a desk audit performed by BCBSNJ, this information will be compared to the selected paid pharmacy claims to determine whether the appropriate NDC number has been properly reported on these paid claims. In those situations in which the NDC number reported on a selected paid claim cannot be verified, the claim payment will be recouped by the New Jersey DHS-DMAHS and/or by DHSS-DCS.

Claims selected by BCBSNJ will be limited to recently paid pharmacy claims. This requirement is intended to give providers the opportunity to (1) correct the NDC number reported on recouped claims; (2) ensure repayment within the State's timely filing limitations (12 months from service date); and (3) resubmit any recouped claims through the State's Point of Sale (POS) claims processing system.

For claims denied due to early replacement, a copy of notification from BCBSNJ of the recoupment must be attached to a paper claim, as described in the Medicaid Newsletter Volume 5, No. 36, dated July 1995, to request reconsideration of payment.

If you have any questions regarding this related Medicaid Newsletter, please do not hesitate to contact the Chief, Pharmaceutical Services, at (609) 588-2724, or the Unisys Pharmacy Consultant at (609) 588-6039.

If you have any questions regarding PAAD, please contact Kathleen Mason, Director of PAAD, DHSS-DCS, at (609) 588-7032.

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