



State of New Jersey
Department of Human Services
Division of Medical Assistance and Health Services

MEDICAID ALERT

March 1997

TO: Providers of Pharmaceutical Services

SUBJECT: Reconciliation of Previously Processed POS Claims

EFFECTIVE: Claims with service dates on or after July 25, 1996

BACKGROUND On July 25, 1996, the New Jersey Division of Medical Assistance and Health Services (DMAHS) implemented a Point of Sale (POS)/Prospective Drug Utilization Review (PDUR) claims processing system for pharmacy claims. On October 1, 1996, DMAHS activated POS/PDUR edits intended to monitor drug utilization in a "real time" claims processing environment. Responses from this system provide pharmacists with information regarding the "payability" of a pharmacy claim, taking into consideration drug utilization by beneficiaries from the same or different providers of pharmaceutical services, as well as PDUR information intended to assist pharmacists with evaluating the appropriateness of prescribed drug therapy.

Claims processing by the POS system consists of three (3) major components which determine (1) "real time" responses to pharmacists based on claim adjudication; (2) pricing to determine provider payments and (3) claims to be reported on a provider's Remittance Advice (RA) statement. During the transition period from July 25, 1996, to December 31, 1996, DMAHS has identified pricing and claim reporting errors which have resulted in inappropriate pharmacy payments. **It is important to note these errors do not reflect pharmacy services provided by different pharmacies on the same or different service dates.**

This Alert is intended to describe for providers the claims processing errors identified by the State and to outline the intentions of DMAHS to reprocess those claims affected. In general terms, DMAHS will also provide the potential impact of these reprocessing activities on providers. It is important to note that certain providers may receive additional payments and/or experience payment recoupments due to these efforts.

ACTION: The following schedule of claims reprocessing activities will be initiated by DMAHS. Additional information regarding each activity follows the schedule.

<u>Activity</u>	<u>Provider Impact</u>	<u>RA Date</u>
(1) Reprocess voided claims for which payments were not recaptured	Recoupment	March 26, 1997
(2) Process "voided" claims not reported on RA	Additional Payments	April 2, 1997
(3) Reprocess paid claims not denied as duplicate or early refill claims (same provider only)	Recoupment	May 7, 1997
(4) Reprice paid claims with payment dates between July 25, 1996 and December 31, 1996	Additional Payments	May 14, 1997 to June 26, 1997

The following are details related to each reprocessing activity. Each description is numbered based on the schedule described above. An RA message will also be published on the RA statement affected by each reprocessing activity.

- (1) Due to a claims processing error, "void" transactions approved through the POS system were reported on the RA statement. However, voided payment amounts reported on the RA were equal to "0". These claims will be reprocessed and "corrected voids" will be reported on the RA statement of March 26, 1997. These claims are assigned the same Internal Control Number (ICN) as original claims initially reported with voided payments equal to "0".
- (2) In those situations in which a provider processed an "approved" paid claim through the POS system, then "reversed" the same claim in the same week, only the "reversed" or voided claim payment was reported on the RA statement. The payment of the initial "approved" paid claim was never reported. These claims will be reprocessed and corrected payments will be reported on the RA statement of April 2, 1997.
- (3) The State has identified a number of claims paid to the same provider of pharmaceutical services, with service dates during the past 24 month period, which were duplicate or early refill prescription claims inappropriately paid. Voided payments for these claims will be reported in the RA statement of May 7, 1997. These claims are assigned the same ICN as the previously paid duplicate or early refill prescription claim.

- (4) During the POS transition period, the State has determined that a number of past claims were inappropriately priced. Claim adjustments will be generated for only those claims which were inappropriately priced. Due to the volume of claims to be reprocessed, these adjustments will be reported on RA statements with dates on and after May 14, 1997, and prior to June 26, 1997.

Please note that providers will be notified by separate Alert of the intentions of DMAHS to reprocess pharmacy claims based on provider-initiated "unit adjustments". This Alert will detail the basis for this reprocessing activity, and provide pharmacies with possible procedures for reconciling these payments. This reprocessing activity may result in minor changes in claim payments and/or the recoupment of previously paid claims. These claims will be adjusted and reported in the RA statement of April 9, 1997.

If you have any questions regarding this Alert, please do not hesitate to contact the Chief of Pharmaceutical Services at (609) 588-2724.

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