



NCVHS Hearing Testimony

Subrogation Implementation Guide for Batch Standard
Version 10

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Who we are

- Decades of experience with commercial HMOs, state Medicaid agencies, insurance administrators, self-insured employer groups, state employee benefit programs, worker's compensation programs, and senior drug programs.
- We have a national presence serving pharmacy benefit management and clinical service programs in 19 states and the District of Columbia.
- We process more than 259 million pharmacy claims for more than 17 million Medicaid members every year.

How Medicaid subrogation is handled today

- Claim is adjudicated and paid within the Pharmacy Benefit Manager
- Other insurance has been identified on the claim
- Carrier bills are created and sent to the other payer to determine if payment can be made to reduce the payment by Medicaid

Benefits vs. Disadvantages

- Benefits
 - Any pharmacy benefit manager can use the new standard.
 - Improves transparency to report subrogated pricing between trading partners
 - Reduction in costs for pharmacy benefit managers outside Medicaid if they adopt the standard
- Disadvantages
 - Cost to implement the software to support batch transactions

Challenges in business and operational work flows

- Claim adjustments
- Administrative effort to coordinate benefits with the other payer(s)
- Implement batch processing software

System Changes Required

- Implementation of other payer reject codes
- Batch processing software
- Standard implementation- what triggers “pay and chase”
- Trading partner agreements and testing prior to implementation
- Changes to support additional fields in the new standard

Education of the new standard

- Pharmacy benefit managers other than Medicaid will need training/guidance on how to implement the new standard.
- NCPDP members and task groups would be the best source for guidance on the implementation of the new standard.
- Medicaid agencies already using the standard can provide insight on how to implement.

Financial Impacts

- Software
- Secure hardware to protect Personal Health Information (PHI)
- Transaction fees (if any)
- Switch Vendor costs

Financial Benefits to the Payers

- Payers could be paying less for claims if another party is responsible for the claim
- A standard is used to determine the information sent and received- eliminates the usage of many different file types or layouts
- The same standard can be used throughout the industry- not just between Medicaid payers.

Timeline

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- The timeline proposed by NCPDP allows sufficient time to plan and budget for implementation of the standard.

CONDUENT

