



Commonwealth of Massachusetts
Executive Office of Health and Human Services
Division of Medical Assistance
600 Washington Street
Boston, MA 02111

MassHealth
Pharmacy Bulletin 63
March 2000

TO: Pharmacies Participating in MassHealth
FROM: Mark E. Reynolds, Acting Commissioner
RE: **Billing Pharmacy Claims for MassHealth Members with Third-Party Insurance**

Background

The Division has implemented a pharmacy cost-avoidance policy, enforcing third-party regulations requiring that MassHealth be the payer of last resort (refer to Transmittal Letter ALL-76, dated January 1998 and Pharmacy Bulletin 61, dated January 2000). The purpose of this bulletin is to clarify guidelines for billing services provided to a MassHealth member who has one or more other insurance carriers. Use these billing guidelines in conjunction with Pharmacy Bulletin 53 (dated September 1996) and Pharmacy Bulletin 61 (dated January 2000). **Please share this important information with all your pharmacists immediately.**

Copayments

MassHealth members cannot be held responsible for the balance of a claim or for copayments required by *other* insurance carriers and cannot be denied access to MassHealth-covered services. See 130 CMR 450.130 for information about MassHealth copayment requirements. Participants in the Pharmacy Program and the Pharmacy Plus Program are responsible for copayments, as described in 130 CMR 406.430 and 406.432 found in your *Pharmacy Manual*, as well as for the balance of the cost of the prescription if the benefit cap of another insurance carrier has not been exhausted. The Division assumes financial responsibility for those prescriptions only after the benefit cap has been met. You can identify participants in the Pharmacy and Pharmacy Plus Programs by their Commonwealth of Massachusetts pharmacy program card, which is different from the MassHealth card.

**Identifying and Billing
Other Insurance Carriers**

MassHealth is **always** the payer of last resort. Therefore, you must identify the availability of other insurance and, except as described below, bill all other insurance carriers before submitting a claim to MassHealth. You must also keep a record of all billing transactions for audit purposes (see Pharmacy Bulletin 61). When providing service to a MassHealth member, ask that member for all pertinent insurance information, including the names of other insurance carriers and their processors.

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**Identifying and Billing
Other Insurance Carriers**
(cont.)

MassHealth currently allows the following three exceptions to the policy of billing other insurance carriers first.

- The policy is a subscriber-pay policy where the pharmacy cannot bill the insurance carrier.
 - The other insurance carrier is mail-order only.
 - The other insurance carrier or processor does not use an on-line process, which requires the pharmacist to paper bill.
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**Eligibility for Insurance
Carrier Payment**

With regard to a MassHealth member with other insurance, MassHealth does not pay pharmacy providers who do not participate in the other insurance carrier's network, or are not otherwise eligible to be paid by that insurer. If this is the case, instruct the MassHealth member to fill prescriptions at a pharmacy that participates in, or can receive payment from, the member's insurer. You should tell the member to contact the insurer directly for assistance in identifying such pharmacies.

**Members with MassHealth
Coverage Only**

If you determine that a MassHealth member has no other insurance carrier, submit the claim to MassHealth through POPS (the Division's on-line pharmacy processing system). If, in fact, no other insurance-carrier information is present on the MassHealth POPS file, the claim will process.

If, however, the claim submitted to MassHealth denies for error code **516 (recipient has other insurance)**, the POPS file will indicate that the member has another insurance carrier that must be billed before MassHealth. **Error code 516 does not mean the member is not eligible for MassHealth.** The POPS on-line response will also identify the insurance carrier and the corresponding MassHealth carrier code in NCPDP data element number 526. You can obtain instructions on how to view this information from your helpdesk or software vendor. You can obtain the insurance carrier's address from Appendix C of your MassHealth *Pharmacy Manual*. Then bill the other insurance carrier before resubmitting the claim to MassHealth.

Split-Script Billing

Because you are required to bill all applicable insurance carriers, your system must have **split-script capability in real-time mode**. This capability allows you to bill MassHealth as the payer of last resort. For further information on split-script capability, see Pharmacy Bulletin 53 (dated September 1996) and Pharmacy Bulletin 61 (dated January 2000).

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Split-Script Billing
(cont.)

Perform the following steps in preparation for split-script billing.

- Confirm with your helpdesk or software vendor that you have split-script capability and get instructions for accessing the necessary screens to submit the claim transaction to MassHealth.
- Confirm that you have Appendix C of your MassHealth *Pharmacy Manual*, which contains the carrier codes and addresses for TPL (third party liability) insurance carriers (see Transmittal Letter ALL-83, dated May 1999). To obtain a copy of Appendix C, mail or fax a request to the Unisys Publications Unit at the following address. Please include your MassHealth provider number when requesting this publication.

Unisys
Attn: Publications
P.O. Box 9101
Somerville, MA 02145
Fax: (617) 576-4487

When using your split-script billing capability, you must comply with all Division regulations and billing instructions and enter the appropriate values from the following NCPDP data element chart on the claim.

Name of Data Element (Field)	Data Element Number	Value/Description
Usual & Customary Charge	426	The amount charged cash customers for the prescription, exclusive of sales tax and postage.*
Gross Amount Due	430	The total prescription price claimed or expected reimbursement from all sources.*
PA/MC Code & Number CCC = MassHealth third-party carrier code	416	You must indicate the first three digits of the TPL carrier code obtained from Appendix C for the insurance company billed in positions 8 through 10 of this record.

* The amount charged to MassHealth must be the lowest price charged or accepted as payment for a given volume of drugs by an eligible pharmacy provider to **any** purchaser or reimbursor. If your system communicates this reduced amount through data element 430 (Gross Amount Due), you are still responsible for entering your market-place price in data element 426. **Do not enter the copayment amount in either of these fields.**

**Split-Script Billing
 Scenarios**

The remainder of this bulletin outlines several possible split-script billing scenarios, including charts listing additional relevant NCPDP data elements and their descriptions.

**Insurance Carrier
 Approves Payment**

When an insurance carrier approves payment, submit the claim transaction to MassHealth if there is a remaining member responsibility amount. When billing MassHealth, you must comply with all Division regulations and billing instructions and enter appropriate values on the claim transaction from both the chart in the “Split-Script Billing” section of this bulletin and the following chart.

Name of Data Element (Field)	Data Element Number	Value/Description
Other Coverage Code	308	The code indicating whether or not the member has other insurance coverage. 2 = Other coverage exists — payment collected
Other Payer Amount	431	The dollar amount of any payment known by the pharmacy from other sources.

**Insurance Carrier
 Denies Payment
 Because Member Not
 Covered**

If an insurance carrier denies payment because the member’s coverage does not include pharmacy or because the member’s coverage has ended, submit the claim transaction to MassHealth. When billing MassHealth, you must comply with all Division regulations and billing instructions and enter the appropriate values on the claim from both the chart in the “Split-Script Billing” section of this bulletin and the following chart.

Name of Data Element (Field)	Data Element Number	Value/Description
Other Coverage Code	308	The code indicating whether or not the member has other insurance coverage. 1 = no other coverage identified (use this code when the insurance coverage has ended*)
Level of Service	418	The code indicating the type of service the provider rendered. 03 = emergency**

* When the MassHealth POPS file indicates that the member’s coverage has ended or does not include pharmacy, MassHealth **on its own** will verify whether there is any updated insurance information to be added to the member’s file. Neither the provider nor the member needs to call MassHealth.

** In this situation, the pharmacist must submit the claim at the point of sale and should not reduce the prescribed quantity or days’ supply.

**Insurance Carrier
Denies Payment
Because Drug Not
Covered**

If an insurance carrier denies payment because the drug is not covered, but the member's coverage is still active, submit the claim transaction to MassHealth. When billing MassHealth, you must comply with all Division regulations and billing instructions and enter the appropriate values on the claim transaction from both the chart in the "Split-Script Billing" section of this bulletin and the following chart.

Name of Data Element (Field)	Data Element Number	Value/Description
Other Coverage Code	308	The code indicating whether or not the member has other insurance coverage. 3 = other coverage exists; claim not covered

Special Circumstances

If the insurance carrier covers the member, but one of the following circumstances exists, you must comply with all Division regulations and billing instructions and bill MassHealth by entering the appropriate values on the claim from both the chart in the "Split-Script Billing" section of this bulletin and the following chart.

- The policy is a **subscriber-pay policy** where the pharmacy cannot bill the insurance carrier.
- The insurance carrier requires the use of **mail-order prescriptions**.
- The insurance carrier or processor does not use an on-line process, which requires the pharmacist to **paper bill**.

Name of Data Element (Field)	Data Element Number	Value/Description
Other Coverage Code	308	The code indicating whether or not the member has other insurance coverage. 4 = other coverage exists; payment not collected*

* In this situation, the pharmacist should not reduce the prescribed quantity or days' supply unless dispensing an emergency supply.

***Insurance Carrier Denies
Payment Because Claim
Was Submitted Incorrectly***

When providing services to a MassHealth member, you must abide by the billing rules and regulations of the member's other insurance carriers, including prior-authorization requirements. If the insurance carrier denies the claim because the claim was submitted incorrectly, incompletely, or without meeting policy guidelines of the insurance carrier, you must resubmit the claim to the insurance carrier correctly. This type of denial does not justify the use of data element 308 (Other Coverage Codes) to bill MassHealth.

Questions

If you have questions about the information in this bulletin, call the Unisys Provider Services Department at (617) 628-4141 or 1-800-325-5231.
