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

# MassHealth
# Pharmacy Bulletin 61
# January 2000

**TO:** Pharmacies Participating in MassHealth

**FROM:** Mark E. Reynolds, Acting Commissioner

**RE:** **Pharmacy Claims with Third-Party Insurers**

***Background***

Effective January 18, 2000, MassHealth will strictly enforce its third party regulations requiring that MassHealth be the payor of last resort by cost-avoiding pharmacy claims when the member has other health insurance as described in Pharmacy Bulletin 53, dated September 1996. Also effective January 18, 2000, subscriber-pay policies such as Medex are included in this policy. Pursuant to the Division's cost-avoidance policy and regulations at 130 CMR 450.316, pharmacies must bill a member's other health insurance carriers before billing MassHealth. Pharmacies that do not bill according to this policy may be assessed overpayments or administrative sanctions, or both.

***"Split-Script"***

As indicated in Pharmacy Bulletin 53, all pharmacy providers must have acquired "split-script" capability as a component of their pharmacy claims-submission systems as of December 1, 1996. The "split-script" capability enables a pharmacy to bill other health insurance carriers before billing MassHealth. When billing MassHealth, the pharmacy must follow the instructions in this bulletin.

***Instructions for Billing MassHealth***

When serving a MassHealth member, the first step for a pharmacy is to ask the MassHealth member to show ***all*** health insurance cards, including the MassHealth card. If the member has other health insurance carriers, the pharmacy must bill those carriers first. Once the pharmacy receives payment or other disposition from all other health insurance carriers, the pharmacy may bill MassHealth. Pharmacies must maintain one of the following on file as proof that the health insurance carrier was billed and the claim was either paid or denied:

- a screen print of the insurance company response;
- a diskette documenting the transaction; or
- a copy of the health insurance carrier's recap and summary sheet.

*(continued on next page)*

***Instructions for Billing MassHealth***
(cont.)

If a claim is submitted to POPS (the Division's Pharmacy On-line Processing System) for a member who has one or more health insurance carriers on file that were not billed, the claim will be rejected with error code 516. The names and carrier codes of appropriate health insurance carriers will also be displayed. Appendix C of your MassHealth provider manual contains all health insurance carrier codes and their corresponding names and addresses.

If the claim is for a dependent of the policy holder and POPS does not show the policy number, a pharmacy can obtain this information through the Recipient Eligibility Verification System (REVS) at 1-800-554-0042.

When submitting a claim to MassHealth for a member with pharmacy coverage from another health insurance carrier, the following POPS data elements (fields) ***must be completed***.

| Name, Number of Field | Value/Description |
|---|---|
| Usual and Customary Charge — 426 | The lowest price charged or accepted as payment for a given volume of drugs by an eligible pharmacy provider to any purchaser or reimburser. |
| Override Codes: Other Coverage — 308 | 1 = No Other Coverage Identified *(use this code only when the insurance coverage has ended)*<br>2 = Other Coverage Exists—Payment Collected<br>3 = Other Coverage Exists—This Claim Not Covered<br>4 = Other Coverage Exists—Payment Not Collected *(use this code only in an emergency situation)* |
| Other Payor Amount — 431 (if applicable) | Indicate the dollar amount received from the primary insurance carrier. |
| PA/MC Code & Number — 416<br><br>CCC = MA Third-Party Insurance Carrier Code | Indicate the first three digits of the TPL carrier code for the insurance company billed in positions 8 through 10 of this record. The carrier code listing is contained in Appendix C of your MassHealth provider manual. |

***Appropriate Use of Field 308 (Other Coverage)***

In field 308, the use of override value 1 (no other coverage identified) requires that the level-of-service (field 418) indicate the prescription was medically necessary (value 03). This override feature is not accessible for retroactive claim submissions.

As noted in Pharmacy Bulletin 53, an out-of-network denial from a health insurance carrier is not a valid reason for submitting a claim to the Division and, therefore, a pharmacy should not indicate this override code in field 308.

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| ***Paper Claims for Blood Products*** | Currently, pharmacies submit claims for blood products to the Division on paper. If a member has other health insurance, the pharmacy must attach an explanation of benefits from the other insurance carrier to the paper claim when billing MassHealth. |
| ***Monitoring*** | The Division monitors pharmacies to ensure they comply with the requirement to bill all other health insurance carriers before submitting claims to MassHealth. |
| ***Questions*** | If you have any questions about the information in this bulletin, please contact the Unisys Provider Services Department at (617) 628-4141 or 1-800-325-5231. |