

White Paper

# Insurer, Specialty Pharmacy Rely on Solutions from RJ Health, *an MMIT company*, to Price Drugs Correctly



## Executive Summary

As specialty pharmaceuticals consume an ever-larger share of healthcare benefit dollars, payers, providers and other healthcare organizations are realizing the importance of managing drugs administered under the medical benefit, which most often are specialty drugs. Two companies – an insurer and a specialty pharmacy – explain how they’re using solutions from RJ Health, *an MMIT company*, to manage and price pharmacy claims accurately and are saving money in the process.

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### Overpayment of Drugs Under the Medical Benefit

When a large regional health insurer switched to using [National Drug Codes](#) (NDC) for drugs billed under the medical benefit several years ago, it expected to save money. However, the insurer quickly found that providers were still overbilling and that it was overpaying claims as a result, says a healthcare manager at the insurer.

The insurer had set up its reimbursement system so that if providers billed using NDC codes and NDC quantities, the health plan would pay the providers at that rate. However, “we found out quickly that providers don’t really know how to bill at the NDC level,” she says. “They can put the NDC code on [a claim], but the quantity that it translates to was a challenge for them. And so we tended to overpay because we were thinking that the providers were billing accurately.” The math can be tricky, and it’s not necessarily second nature for the billers doing the coding, she notes.

Auditing the claims uncovered the discrepancies and a realization that the insurer was still overpaying its providers, even after making the switch to NDC, she says. “It took a lot of analysis to show that this was a problem. We thought being at the NDC level would get us a better, more accurate payment, but it wasn’t.”

### RJ Health Providers an Easy-to-Use Billing Tool

The insurer did some research to find the best solution. “During our investigation to help providers bill medical drugs correctly, we noticed that other plans worked with [RJ Health, an MMIT company](#), to provide an easy-to-use billing tool for their providers,” she says. “As a company, we were already utilizing data produced by RJ Health, so it was an easy decision to partner with them to provide our billing providers a tool to help them too.”

“For all of our commercial [line of business], we tend to pay at the NDC level so we can have more accurate reimbursements,” she says, explaining that for some products, there’s a significant price difference between the NDC and Healthcare Common Procedure Coding System (HCPCS) levels. “To do an average price at the HCPCS level, you can be overpaying some claims drastically and then underpaying some drastically.”

RJ Health's solution, **RC Claim Assist**, enables providers to submit claims correctly using NDC codes, HCPCS codes, or both by giving providers a direct portal to the health plan's reimbursement policies and how to submit claims using correct HCPCS/Current Procedural Terminology (CPT) and NDC crosswalks.

It also offers the 24/7 ability to access, interact with and manipulate medically covered drug detail, coding crosswalk, pricing, conversion, dosing and diagnostic data before submitting the claim. Payers provide the solution free of charge for providers to use.

"By providing an online tool to help them do that crosswalk from HCPCS to NDC, it was super easy," she says. "It does all the cross walking for you." In fact, the providers can just type in a drug name or a drug NDC and add information about the dose in milligrams, and the solution will do the rest, she says.

To explain RC Claim Assist to providers, the insurer promoted it repeatedly, including in its provider newsletter, she says. The health insurer also offered to help providers learn how to use the solution in order to bill correctly and get paid correctly, while reminding them at the same time that "we do tend to audit our claims, so if we overpaid you, we're going to come back eventually and find it." Reaction to the solution was "uniformly positive," she says.

Now, if it's clear from the insurer's regular audits that a provider is billing incorrectly, the insurer will reach out directly to the provider's billing office and offer to educate them on using the RJ Health solution to bill accurately, she says.

Oh wait, I'm going to get paid more accurately.

### **Paying Drug Claims Under the Medical Benefit**

Paying drug claims accurately under the medical benefit at the NDC level saves the health insurer "lots and lots of money," she says. In addition, the providers like the system and welcome the help offered. "We had pushback [against NDC] at first until providers realized, 'Oh, wait, I'm going to get paid more accurately.'"

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Specialty pharmacies also find RJ Health’s solutions to be useful. For example, at a large Midwest specialty pharmacy, most drug claims are run through a pharmacy benefit manager (PBM). But the pharmacy bills under the medical benefit as often as possible, in part because the payment is better some 95% of the time, says the pharmacy’s director of revenue cycle management.

The pharmacy uses RJ Health’s solutions at its medical sites to manually look up the correct codes and to convert units from one coding system to another, she says. It also uses RJ Health’s solutions to double-check payment rates: “When they say it’s WAC [the wholesale acquisition cost] plus 4%, we put in the date to make sure that WAC was from that day.” In addition, RJ Health’s solutions help the specialty pharmacy determine what its payments will be and enable the company to add new drugs to its system efficiently and accurately, she says.

Ultimately, she says, RJ Health “saves us from losing money. We try to be more proactive [around billing] than reactive, so it helps us a lot.”

Overall, [MMIT and RJ Health’s suite of formulary and claims management solutions](#) assists payers and providers seeking a holistic integrated management approach and reduced variability in managing drugs under either the pharmacy or medical benefit.

### A Real Opportunity for Payers and Providers

Solutions like these are needed in the market because specialty medications are driving more than half of all pharmacy spend, and half of that specialty spend is managed under the medical benefit, which is outside the purview of traditional pharmacy benefit managers.

Managing drugs under the medical benefit requires constant attention but offers a real opportunity for payers and providers, who generally have disjointed, fragmented or partial manual solutions in place now, says [Marty Mattei, chief clinical officer, MMIT](#). “What we’ve seen in the industry over the past 10 or 15 years is a huge amount of variation in how payers and providers manage these drugs.”

In the worst-case scenario, some payers adjudicate claims as they come in based on a inconsistent reimbursement model, which may include a percentage of billed charges Mattei says. Beyond that, payers also might have more controls, possibly including a fee schedule, prospective utilization management, case management or episode of care management. He adds that “the level of control is variable, from nothing to highly managed, and the resources inside the payer are also variable, whether it’s your medical team, your pharmacy folks or a combination of both.”

**Errors in medical claims submissions are common and can be significant: MMIT has examined more than 15 million lives worth of medical claims data and has discovered errors in approximately 30% of submitted claims, Mattei says. This leads to inaccurate and/or delayed payments and reduced provider satisfaction.**

Perhaps 15% to 20% of payers are managing pharmacy claims optimally under the medical benefit, with prospective review and solutions to manage claims administration, Mattei says. Another one-quarter may be doing some partial pharmacy claims management under the medical benefit, he says. There is definitely room to expand use of effective integrated management solutions.

Optimally, payers would have several solutions they can use, Mattei says. “First, they would have a single evidence-based, peer-reviewed formulary and strong set of prior authorization criteria for both pharmacy and medical benefit drugs to ensure the patient is getting the right drug,” he says. “Then you would have an informed provider network that understands that when dealing with a specific payer what kind of information they need when submitting the claim for payment after they administer the drug. Lastly, the payer would have resources internally to reimburse a medical drug claim accurately, because that’s fundamentally very different from a pharmacy claim.”

**When it comes to claims administration and the financial aspects of adjudicating medical pharmacy claims, RJ Health’s RC Claim Assist “is really a tool that payers rely on,” Mattei says. The company is looking to advance those solutions beyond just providing pricing information to also provide more granularity on the number of units, the dosing, and clinical editing, he says, adding, “the ultimate goal is to manage all drugs one way, regardless of benefit design. That’s the holy grail!”**

MMIT and RJ Health's suite of solutions are really uniquely positioned to be able to assist payers and providers beyond just providing a way to more accurately address the near-term goals of pricing claims correctly and accurately.

Based on analyses of claims, the RJ Health suite of solutions can save payers between 2% and 6% on their medical spend, Mattei says. "This isn't really rocket science," he says. When it comes to management of drugs under the medical benefit, "we're in a place similar to where we were in the early days of PBMs. It started out with whether you could pay a claim electronically and do it correctly, and with a better process around drug selection." Still, he says, the benefit has to be better managed going forward because "the numbers [for specialty pharmacy costs] are growing quite significantly and rapidly."

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For more information about MMIT and RJ Health's suite of formulary and claims management solutions to assist payers and providers seeking a holistic integrated management approach in managing drugs under either the pharmacy or medical benefit, contact us today at [info@mmitnetwork.com](mailto:info@mmitnetwork.com).

### About MMIT

For nearly two decades MMIT has been solely focused on solving the "what and why" of market access, and has been a trusted, go-to-market partner. We believe that patients who need lifesaving treatments shouldn't face delays because accessing drugs can be confusing. As the leading provider of market access data, analytics and insights, our expert teams of clinicians, data specialists and market researchers provide clarity and confidence so that our clients can make better decisions.



Divisions of MMIT include [AIS Health](#), creator of the Directory of Health Plans and leading healthcare publications; [Zitter Health Insights](#), a preeminent provider of market access insights and solutions for specialty drugs; and [RJ Health](#), the market leader in pricing and coding solutions for infusion drugs covered under the medical benefit. For more information about MMIT, visit [mmitnetwork.com](http://mmitnetwork.com) and follow us on [LinkedIn](#).

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