



PROVIDER BULLETIN

BT 200414

JUNE 18, 2004

To: All Pharmacy Providers

Subject: Third Party Liability and Pharmacy Claims

Note: The information in this document is not directed to those providers rendering services in the risk-based managed care (RBMC) delivery system.

Overview

The purpose of this bulletin is to review the existing third party liability (TPL) codes available within National Council for Prescription Drug Programs (NCPDP) version 5.1 and to announce a change to the functionality of TPL override code 8.

Indiana Health Coverage Programs (IHCP) began editing pharmacy claims for TPL cost avoidance compliance on March 23, 2003. The TPL edits are intended to ensure that the IHCP is always the payer of last resort.

TPL Override Code 8 – Billing for TPL Copay

TPL override code 8 is used in situations where the pharmacy is billing the IHCP for a fixed copayment required by another insurer.

Effective August 5, 2004, all claims billed to the IHCP with a TPL override code 8 must have the actual number of units dispensed in the quantity dispensed field on the claim (NCPDP field number 442-E7). The actual copayment amount should be placed in the usual and customary field on the claim (NCPDP field number 426-DQ).

Note: This is a change from previous billing instructions in which copays were billed in units of one with a maximum reimbursement amount of \$20 per unit.

The IHCP will reimburse the **lesser of the following**:

- The actual copayment amount as indicated in field number 426-DQ
- The Medicaid allowed charge for the drug, in its entirety

For example, if a patient’s primary insurance paid for all 30 tablets of Lescol with the exception of a \$10 copayment, the pharmacist should insert “30” in the quantity dispensed field, “\$10.00” in the usual and customary field, and a TPL override code 8 should be in the coordination of benefits (COB) field.

The pharmacy must ensure that all of this information is in the proper location in order for the claim to process properly.

Additional TPL Override Codes for Pharmacy

- *TPL override code 2 – Other payment exists-payment collected.* This code should be used when other insurance exists and payment is collected. The other payer amount collected (NCPDP field 431-DV) and other payer date (NCPDP field 443-E8) fields must be populated.
- *TPL override code 3 – Other coverage exists-this claim not covered.* This code should be used when the primary insurance does not cover any portion of the claim. Examples of this include over-the-counter (OTC) items that are on the OTC formulary such as, birth control pills and any other item that is covered by the IHCP that is not covered by the primary insurance.
- *TPL override code 4 – Other coverage exists-payment not collected.* This code should only be used in cases in which a patient has active TPL coverage, but the claim is not paid. Deductibles and exhausted benefits are examples of such situations.
- *TPL override code 5 – Managed Care plan denial.* This code should **not** be used for risk-based managed care (RBMC) IHCP denials; rather, it is to be used when the primary insurance is a Managed Care Organization that denies the claim.
- *TPL override code 6 – Other coverage exists, not a participating provider.* This code should be utilized when the dispensing pharmacy or prescribing physician is not a participating provider in the primary insurance company's network.
- *TPL override code 7 – Other coverage exists, not in effect at time of service.* The dispensing pharmacy should use this code only if a denial has been received from the primary insurance company stating the coverage for the participant has been terminated or if it has been otherwise verified that there is no other existing third party coverage.

Questions

If you have any questions regarding the use of TPL codes or any other pharmacy claims processing questions, please contact the ACS Pharmacy Services Helpdesk at 1-866-645-8344.

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