Department:	Pharmacy Management	**Original Approval:**	09/09/2009
Policy No:	PM558	**Last Approval:**	12/18/2025
Policy Title:	Prescription Claim Processing for Part D Policy		
Approved By:	Clinical Services Leadership Team		
Dependencies:	N/A		

Purpose

This document describes the policy Community Health Plan of Washington (CHPW) has instituted to process prescription claims for Part D, ensuring compliance with CMS requirements.

Policy

CHPW delegates claim processing activities to its pharmacy benefit manager (PBM). CHPW's Pharmacy department reviews the policies and procedures from the PBM on an annual basis to ensure compliance to CMS regulations.

CHPW operates a real-time online claims processing system that operates according to CMS standards and has a detailed claims adjudication process, including flow charts, claims management, data capture and claims data retrieval processes.

CHPW is responsible for the submission of prescription drug event (PDE) data by May 31 following the end of the coverage year that will be used to reconcile the reinsurance subsidy, low-income cost-sharing subsidies, and risk corridors.

CHPW will refund members for any overpayment.

CHPW will pay the PBM for any member underpayment.

Point Of Sale Messaging

CHPW will work closely with the PBM to ensure appropriate Point of Sale (POS) messaging for network pharmacies based on the National Council on Prescription Drug Programs (NCPDP) industry standards. When appropriate, the PBM will provide customized messaging to alert the network pharmacies. CHPW will ensure the PBM system is alerting network pharmacies by submitting NCPDP

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reject code 70 for non-formulary drugs and reject code 75 for drugs that require a Prior Authorization.

Additionally, when a prescription cannot be covered ("filled") under the Medicare Part D benefit at the POS, the network pharmacies will receive messaging instructing them to distribute the Standardized Pharmacy Notice (CMS-10147). Network pharmacies are required to distribute the Standardized Pharmacy Notice to the member immediately upon receiving a reject response in the following situations:

- Part D covered products not included on the plan's formulary
- Part D covered products included on the plan's formulary, but subject to utilization management requirements, such as prior authorization or step therapy
- Part D covered products with quantity limit restrictions

In these situations, the pharmacy must provide the member with information about his or her appeal rights, including the right to contact the Part D plan sponsor and request a coverage determination. CHPW monitors rejected claims to confirm that the PBM is returning correct messaging to pharmacies at the POS.

Overpayment And Underpayment

The PBM performs claim reversal and reprocessing due to situations including but not limited to retro-LICS and DIR. As a result of these reversals and reprocessing, member over- and underpayment are identified and reported to CHPW via Before and After (B&A) reports.

- Member Over-payment—the PBM will issue reimbursement checks to members on behalf of CHPW.
- Member Underpayment—the PBM will bill CHPW any member underpayment.

Daily Rejected Claim Review

CHPW reviews rejected claims to ensure that they are rejecting appropriately and in keeping with Medicare standards. Specifically, CHPW monitors rejected claims to ensure the following compliance standards are adhered to:

Adherence to CMS Approved and Published Formulary

- Specific edits and restrictions are applied appropriately, e.g., PA, ST, QL
- Claim rejected appropriately in accordance with the formulary and that adequate POS messaging is provided to the pharmacy.

Transition Fills

- Claims are rejecting appropriately for new members and year-over-year members impacted by a negative formulary change
- Assess if members eligible for a transition fill inappropriately received a rejection

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- Assess whether the PBM system is appropriately identifying members that are eligible for transition fills

Protected Class Drugs

- Ensure that the six classes of protected drugs are adjudicating appropriately
- Monitor for high-cost edits that may prevent members from obtaining protected medications

Monitoring And Oversight

CHPW shall provide an approved prescription drug benefit consistent with the standard prescription drug coverage design to the PBM. Once the PBM loads the configurations into their system, the PBM will provide CHPW with the results prior to the start of the new calendar year. Any issues and discrepancies will be fixed immediately by the PBM.

On a monthly basis, the Pharmacy Department will randomly sample a minimum 20 claims or 5% of the total claims subject to availability for the prior month.

- While reviewing the claims, the pharmacy department will audit the claims for any issues regarding the formulary, tier level of the medication, member eligibility, member co-pay and coverage phase.
- If a potential issue is identified, the Pharmacy Department will contact the PBM to request additional information relevant to the claim to determine if the claim was paid correctly.

Results will be shared with the compliance department. If further action is required, they will conduct a detailed assessment to ensure compliance.

List of Appendices

A. Detailed Revision History

Citations & References

CFR	42 CFR § 423	
WAC		
RCW		
LOB & Contract Citation	☐ **WAHIMC** ☐ **BHSO** ☐ **Wraparound**	

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	☐ **SMAC** ☐ **HH**	
	☐ **AHE**	
	☒ **MA/DSNP**	Prescription Drug Benefit Manual, Chapter 14
	☐ **CS**	
Other Requirements		
NCQA Elements	UM 12	

Revision History

SME Review:	08/10/2009; 09/11/2009; 04/21/2010; 03/28/2011; 04/19/2011; 03/26/2012; 02/21/2013; 03/24/2014; 04/13/2015; 03/15/2016; 03/01/2017; 03/02/2018; 03/08/2019; 07/31/2019; 02/24/2020; 02/24/2021; 02/22/2022; 01/31/2023; 02/19/2024; 01/22/2025; 12/16/2025
Approval:	09/09/2009; 04/30/2010; 05/25/2011; 04/04/2012; 04/19/2013; 04/23/2014; 04/23/2015; 03/18/2016; 03/14/2017; 03/13/2018; 03/13/2019; 03/06/2020; 03/02/2021; 02/28/2022; 02/13/2023; 02/21/2024; 01/24/2025; 12/18/2025

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Appendix A: Detailed Revision History

Revision Date	Revision Description	Revision Made By
08/10/2009	New	Rachel Koh
09/09/2009	Approval	MMLT
09/11/2009	Review for style; reformat for template	Jennifer Carlisle
04/21/2010	Reviewed and no change	Maria Chan
04/30/2010	Approval	MMLT
03/28/2011	Content Update	Rachel Koh
04/19/2011	Content Update	Maria Chan
05/25/2011	Approval	MMLT
03/26/2012	Review and no change	Maria Chan
04/04/2012	Approval	MMLT
02/21/2013	Review and No change	Maria Chan
04/19/2013	Approval	MMLT
03/24/2014	Reviewed, minor no changes	Annie Lam
04/23/2014	Approval	MMLT
04/13/2015	Some changes, reformat table	Nonye Connor
04/23/2015	Approval	MMLT
03/15/2016	Updated reference to specific PBM policies	Mary Eckhart
03/18/2016	Approval	MMLT
03/01/2017	Moved to new template	Mary Eckhart
03/14/2017	Approval	MMLT
03/02/2018	Moved to new template	Mary Eckhart
03/13/2018	Approval	MMLT
03/08/2019	Minor changes	Rebecka Braband
03/13/2019	Approval	MMLT
07/31/2019	Reviewed. Citations table updated.	Rebecka Braband
02/24/2020	Reviewed. No Changes.	Rebecka Braband
03/02/2020	Department Approval	Yusuf Rashid
03/06/2020	Approval	CMO Cabinet
02/24/2021	Reviewed	Omar Daoud
03/01/2021	Approval	Yusuf Rashid
03/02/2021	Approval	CMO Cabinet
02/22/2022	Reviewed, no changes. Departmental approval	Omar Daoud
02/28/2022	Approval	CMO Cabinet
01/31/2023	Reviewed, no changes	Omar Daoud

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02/13/2023	Approval	Clinical Services Leadership Team
02/19/2024	No changes	Omar Daoud
02/21/2024	Approval	Clinical Services Leadership Team
01/22/2025	No changes	Omar Daoud
01/24/2025	Approval	Clinical Services Leadership Team
12/16/2025	No changes	Omar Daoud
12/18/2025	Approval	Clinical Services Leadership Team

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