

Policy: Generic Drug Pricing Updates and Pharmacy Notification

Policy Statement: To ensure accurate and timely reimbursement for generic medications, EHO will update its generic drug pricing files every seven (7) calendar days. Contracted pharmacies will be promptly notified of these pricing updates to facilitate accurate dispensing and claims processing.

Purpose: This policy establishes the frequency and process for updating generic drug pricing and the procedure for communicating these updates to contracted pharmacies. This aims to:

- Maintain accurate and competitive generic drug pricing.
- Ensure pharmacies have the most current pricing information for claims adjudication.
- Minimize discrepancies and potential over/underpayments.
- Promote transparency and efficiency in the benefit process.

Scope: This policy applies to all generic drug pricing managed by EHO and all pharmacies contracted with EHO.

Responsibilities:

- **Pricing Department:** Responsible for the weekly review, update, and maintenance of generic drug pricing files.
- **Information Technology (IT) Department:** Responsible for the technical infrastructure and processes required to update pricing files and generate notifications.
- **Pharmacy Network Management Department:** Responsible for overseeing the communication process to contracted pharmacies.
- **Contracted Pharmacies:** Responsible for regularly accessing and implementing the updated generic drug pricing information provided by EHO for accurate claims processing.

Procedure: Weekly Generic Drug Pricing Update and Pharmacy Notification

Step 1: Data Review and Pricing Analysis (Days 1-3 of the 7-day cycle)

1. The Pricing Department will gather relevant data, including but not limited to:
 - Wholesale Acquisition Cost (WAC) changes.
 - National Average Drug Acquisition Cost (NADAC) updates (if applicable).
 - Maximum Allowable Cost (MAC) pricing updates from various sources.
 - Market trends and competitive pricing data.
 - Manufacturer pricing adjustments.
 - Relevant regulatory updates (e.g., CMS).
2. Pricing analysts will review the collected data and perform necessary calculations and analyses to determine updated generic drug pricing. This includes:

- Analyzing price changes from different sources.
 - Identifying any significant discrepancies.
 - Applying the pricing methodology.
3. Proposed pricing updates will be reviewed and approved by the designated Pricing Department supervisor or manager.

Step 2: System Updates (Day 4 of the 7-day cycle)

1. Upon approval, the Pricing Department will submit the updated generic drug pricing file to the IT Department.
2. The IT Department will implement the updated pricing file into the relevant systems and databases. This may involve:
 - Uploading new pricing tables.
 - Running scripts to update existing data.
 - Ensuring data integrity across all systems.
3. Quality assurance checks will be performed by the IT Department to ensure the accuracy and integrity of the updated pricing data within the systems. This includes:
 - Testing data uploads.
 - Validating pricing against source data.
 - Running test claims to verify correct adjudication.

Step 3: Notification Generation and Distribution (Day 5 of the 7-day cycle)

1. The IT Department will generate a notification to all contracted pharmacies indicating that generic drug pricing has been updated.
2. The notification will include, at a minimum:
 - Date of the pricing update.
 - Information on where and how to access the updated pricing files (e.g., secure portal link, FTP site).
 - A clear description of the data elements included in the pricing file.
 - A brief summary of any significant pricing changes or trends (optional, but recommended).
 - Contact information for the Help Desk or relevant department for questions.
 - The method by which the pharmacy can confirm receipt of the notification.
3. The notification will be distributed to contracted pharmacies via the primary communication method(s) established in the pharmacy agreement, which may include:
 - Secure online portal accessible by pharmacies.
 - Email distribution to designated pharmacy contacts.
 - Electronic Data Interchange (EDI) transmission (if applicable and agreed upon).
 - A combination of methods to ensure delivery.
4. The Administrator will maintain records of all notifications sent to pharmacies, including the date, time, and method of delivery.

Step 4: Pharmacy Access and Implementation (Days 6-7 of the 7-day cycle)

1. Contracted pharmacies are responsible for accessing the updated generic drug pricing information through the provided method(s).

2. Pharmacies must implement the updated pricing into their pharmacy management systems in a timely manner to ensure accurate claims processing.
3. Pharmacies should review the updated pricing and address any discrepancies or questions with the Help Desk.
4. Contracted pharmacies will acknowledge receipt of the pricing update as per the communication requirements in their contract.

Step 5: Monitoring and Review (Ongoing)

1. The Pharmacy Network Management Department will monitor the notification process to ensure timely and effective communication to pharmacies. This includes tracking:
 - Delivery rates of notifications.
 - Pharmacy inquiries related to pricing updates.
 - Feedback from pharmacies on the notification process.
2. The Pricing Department will track and analyze the impact of pricing updates and address any issues that arise. This includes:
 - Monitoring claim adjudication data for pricing accuracy.
 - Analyzing the financial impact of pricing changes.
 - Identifying any trends or patterns in pricing.
3. This policy and procedure will be reviewed at least annually, or more frequently as needed, to ensure its effectiveness and alignment with industry best practices and regulatory requirements.
4. Any changes to the policy and procedure will be communicated to contracted pharmacies in advance.

Non-Compliance: Failure by contracted pharmacies to utilize the most current pricing information may result in claim rejections or adjustments. EHO reserves the right to audit pharmacy claims and recoup any overpayments resulting from the use of outdated pricing information.