

TRICARE RETAIL REFUND PROGRAM



AN OVERVIEW OF THE MANUFACTURER PROGRAM POLICIES AND PROCEDURES



"Medically Ready Force...Ready Medical Force"

OPENING COMMENTS



- Dr. George E. Jones, Jr. Chief, Pharmacy Operations Division , DHA
 - Welcome to the Webinar
 - Enhancing the Partnership



“A joint, integrated, premier system of health, supporting those who serve in the defense of our country.”

AGENDA



- Background
- Opening Comments
- Policy and Procedures Guide
- Process Overview
- Excluded Claims
- Refund Utilization Calculation
- Payment Information
- Resolution Process
- Next Steps
- Closing Remarks

PRESENTERS



- Background Info, Refund Cycle, Excluded Claims– Ms. Thi Nguyen
- Reconciliation of Quarterly Utilization (RQU), Refund Calculations, Reconciliation – Mr. Cameron Albert
- Waiver and Compromise Requests – Ms. Thi Nguyen
- Payment Information- Ms. Thi Nguyen

BACKGROUND



- As required by 10 U.S.C. § 1074g(f), with respect to any prescription filled after January 28, 2008 (the date of enactment of the National Defense Authorization Act for Fiscal Year 2008 (NDAA-08)), the TRICARE Retail Pharmacy Program shall be treated as an element of the Department of Defense (DoD) for purposes of the procurement of drugs by Federal agencies under 38 U.S.C. § 8126 to the extent necessary to ensure pharmaceuticals paid for by the DoD that are provided by pharmacies under the program to eligible covered beneficiaries under section 1074g are subject to the pricing standards in such section 8126.

BACKGROUND (*cont.*)



- This statute is implemented by the regulation at 32 C.F.R. § 199.21(q) under the Final Rule republished in the Federal Register on October 15, 2010.
- The statute requires manufacturer refunds, the process for which the Final Rule established through the TRICARE Retail Refund Program (TRRP).

PRICING AGREEMENT & AMENDMENT



- Signed by both the manufacturer and the DHA
- Establishes compliance under the Final Rule, including required pricing standards, billing methods, and eligibility.
- Drugs can be added to a Pricing Agreement by:
 - ☐ Amendment to the Pricing Agreement
 - ☐ Appendix A Change Request Form
- Failure to sign a Pricing Agreement may result in Tier 3 Placement:
 - ☐ Drugs (all NDCs) will not be available in retail networks without prior authorization.

DRUG/NDC TRANSFERS



- Each party completes Appendix A Change Request form:
 - ☐ Identify the labeler code and name of each manufacturer
 - ☐ Date of transfer
 - ☐ Date manufacturer will assume financial responsibility for the product
 - ☐ Product name

PROCESS OVERVIEW / DATA FLOW



1. The prescription is presented at a network pharmacy
2. The Pharmacy Benefit Manager (PBM) verifies beneficiary eligibility via interface to the Defense Eligibility Enrollment Reporting System (DEERS)
3. PBM conducts coverage determination, and formulary edits
4. The transaction is captured by PBM and Pharmacy Data Transaction Service (PDTS)
5. PBM notifies the retail network pharmacy of dispensing authorization based on eligibility verification and edits
6. The pharmacy collects the cost shares.

REFUND CYCLE



- TRICARE Retail Refund Team (TRRT) makes utilization data reports available to pharmaceutical manufacturers
- Financial Manager (FM) provides Invoice/Demand letters to the pharmaceutical manufacturers
- Pharmaceutical manufacturers review utilization data and Invoice/Demand letters.
- Resolution of potential data issues through the TRRT, as defined in the dispute process, if applicable
- Refund paid directly to DHA Government Account
- The TRRT conducts periodic reviews for accuracy of the Standard Discount Program (SDP) and Additional Discount Programs (ADP) based on pricing elements.

UTILIZATION DATA FILES



- **File Delivery:** Data files will be available via the Secure File Transfer Protocol (SFTP) Server.
- **Download and Decrypting:** Instructions for downloading and decrypting the data are provided in the “Downloading and Decrypting Guide” located at <http://www.tricare.mil/tma/pharmacy/pharmmmfg/> under Operational Documents.

- Utilization data files are delivered each quarter, by program

- Claim Level Detail Data File (CP)
 - ☐ Detailed records
 - ☐ Per individual claims/transaction

- NDC Level Data File (CN or Summary)
 - ☐ Product Level Detail
 - ☐ Includes Total Billed by NDC/Billing Quarters

EXCLUDED CLAIMS



- **Claims excluded from the TRICARE Retail Refund reports are:**
 - ☐ Compound prescriptions;
 - ☐ Repackaged products;
 - ☐ TRRx claims with an Other Coverage Code (OCC) of 2 where TRICARE was not the primary payer.
 - ☐ Claims dispensed at TRICARE verified 340b exclusive pharmacies.
 - ☐ Dispensing that occurred at:
 - Military Treatment Facility (MTFs)
 - TRICARE Mail Order Pharmacy (TMOP)
 - Non-network pharmacy;
 - Indian Health Service (IHS) Pharmacy
 - Department of Veterans Affairs (DVA) Pharmacy

PRIOR PERIOD ADJUSTMENTS



- Reversals: Pharmacy industry standard is to process reversals if the prescription has not been dispensed or picked-up by the beneficiary.
- Reversals not processed within the billing quarter will be captured in the subsequent quarter's data.
 - Out of cycle reversals will be annotated in the detail transaction file by negative transaction type.

BILLING DETAILS



- Payments are due on the date set forth in DHA's demand letter, which will be at least 70 days later than the date DHA made utilization data available to the manufacturer. Interest will be waived if DHA receives the payment within 30 days of the initial demand letter.
- The billing periods span the calendar quarters
 - January through March
 - April through June
 - July through September
 - October through December

PAYMENT DETAIL / RQU



- A Reconciliation of Quarterly Utilization (RQU) report will be made available on TRRWS for each quarter's refund invoiced to the manufacturer by DoD.
- DHA requires the payment details or complete the TRRWS RQU when sending payment to TRICARE, so that we can expeditiously apply your payment. If a manufacturer cannot access the TRRWS RQU, manufacturers are expected to submit their RQU/Payment Detail via email to UFVARR@DHA.mil or as a **hard copy form**.
- Disputes submitted on an RQU or payment detail are not valid and must be submitted independently.
- In the event that an NDC discrepancy is discovered by the manufacturer, the manufacturer will submit a revised RQU or payment detail to their Financial Manager.

REFUND CALCULATIONS



- Standard Discount Program (SDP) eligible drugs are Covered Drugs under 38 U.S.C. 8126 as defined by 32 CFR 199.21(q)(2)(iii)
- Covered Drugs are eligible for the TRICARE Retail Refund Program.
- DoD will calculate the amount owed by the Manufacturer to DoD based on the non-Federal Average Manufacturer Price (non-FAMP) and Federal Ceiling Price (FCP) reported to the Department of Veterans Affairs (DVA) each year to honor the pricing standards required by 10 U.S.C § 1074g(f) and 32 CFR 199.21(q)(1).

Example:

The November 2014 reported annual non-FAMP and the 2015 FCP will be used in refund calculations based on TRRx transactions that occur during the calendar quarters of 2015.

REFUND CALCULATIONS *(cont.)*



- When calculating refunds, DoD uses Non-FAMP and FCP amounts provided by the VA. Those amounts have been calculated per VA rules and regulations
- DHA will request, from the VA, the current annual FCP and the annual non-FAMP from which it was derived prior to compiling each quarterly invoice. The pricing data obtained will be applicable to all prescriptions filled during each respective quarter.
- These quarterly updates to the annual non-FAMP and the annual FCP should not be mistaken for the quarterly reporting of non-FAMP by manufacturers.

STANDARD DISCOUNT PROGRAM - 006



- The basis of the SDP refund will be the difference between the average non-federal price of the drug sold by the manufacturer to wholesalers, as represented by the most recent annual non-Federal average manufacturing prices (non-FAMP) (reported to the Department of Veterans Affairs (VA)) and the corresponding FCP.
- Or, at the discretion of the manufacturer, the difference between the FCP and direct commercial contract sales prices specifically attributable to the reported TRICARE paid pharmaceuticals, determined for each applicable NDC listing.

SDP REFUND UTILIZATION CALCULATION (UNIT)



- SDP Unit Pricing is based on the total quantity of individual units dispensed for each NDC in a dispensing quarter and reported in the particular billing quarter.
- The difference between the non-FAMP and FCP is divided by the package size for each NDC to yield the appropriate refund due per unit.
- The Unit Refund is rounded to 5 decimal places and multiplied by the total quantity dispensed to calculate the refund amount due for that NDC.

Unit Refund=(non-FAMP - FCP)/Package Size

Rounded to 5 decimal places (1.00000)

Refund Amount = Quantity Dispensed x Unit Refund

Rounded to 2 decimal places (1.00)

“Medically Ready Force...Ready Medical Force”

SDP REFUND UTILIZATION CALCULATION (PACKAGE)



- **SDP Package Pricing** is based on the total number of full packages dispensed for each NDC and dispensing quarter and reported in the particular billing quarter.
- Total utilization is divided by the package size. The resulting package count will be **rounded down** to the nearest whole number for the purpose of refund calculations.
- The remainder (fractional or decimal units) from this calculation will **not** carry over to the next billing cycle.

Package Refund = non-FAMP – FCP

**Refund Amount = ROUNDDOWN(Quantity Dispensed/package size) x
Package Refund**

FCP ADP REFUND – 010

(PER PACKAGE)



- The refund is the difference between the reported annual non-FAMP and corresponding FCP PLUS any additional discount provided.

Package Refund = (non-FAMP – FCP) + Additional Discount Percentage

**Refund Amount = ROUNDDOWN(Quantity Dispensed/package size) x
Package Refund**

- If ADP formula does not meet or exceed the minimum refund, TRICARE will adjust the calculations to meet the minimum as required by legislation.

WAC ADP REFUND - 009

(PER UNIT ONLY)



- Refunds are initially calculated using the Wholesale Acquisition Cost (WAC) in effect on the date that formulary status becomes effective.
- If WAC changes during a calendar quarter, an average WAC will be calculated on a daily weighted basis.
- If WAC discount percentage yields a refund that does not meet or exceed the minimum refund, TRICARE will adjust the calculations to the minimum as required by legislation.

Unit Refund = % WAC Discount x Weighted Average Unit WAC
Rounded to 5 decimal places (1.00000)

Refund Amount = Quantity Dispensed x Unit Refund
Rounded to 2 decimal places (1.00)

DISPUTE SUBMISSION



- The presumption is that the U.S. Government's utilization data is correct, a manufacturer may dispute the accuracy of DHAs utilization data per 32 Code of Federal Regulations, See Section 199.21(q)(3)(4) (32 C.F.R § 199.21(q)(3)(iv))

Beginning 1st Quarter Calendar Year 2015 Refund Billing Cycle:

- Disputes must be submitted along with the payment detail no later than seventy (70) days following the date of the release of the utilization data.

DISPUTE SUBMISSION (*cont.*)



- Manufacturers are required to submit disputes. Either individually via TRRWS by searching for claim number, pharmacy ID, and NDC/Date.
- Or, manufacturers can submit all disputes by submitting a spreadsheet of all claims disputed to the UFVARR@dha.mil using the dispute template provided.
- The Disputes Template is used to submit claim level disputes and must include the following information.
 - Claim Number
 - Dispute Code
 - Dispute Reason
- Failure to submit disputes in any of the prescribed methods described in the Guide may delay dispute resolution, or result in denial of the dispute.

DISPUTE RESOLUTION PROCESS



- Manufacturers disputing the accuracy of DHA's utilization data, the refund obligation as to the amount in dispute will be deferred pending good faith efforts to resolve the dispute.
- When the dispute is resolved, any refund owed relating to the amount in dispute will be subject to interest, penalties, and fees from the date payment of the amount was initially due, consistent with 199.11 See 32 C.F.R § 199.21 (q)(3)(iv)

WAIVER / COMPROMISE REQUEST



- Pursuant to the provisions of 32 C.F.R. § 199.21(q) and 32 C.F.R. § 199.11, a manufacturer may request waiver and/or compromise of a refund amount due under 10 U.S.C. 1074g(f).
- This includes the ability to request compromise of refund debt, and/or waiver of associated interest, penalties, and administrative charges, which should be supported by justification(s) of why the relief is appropriate under 199.11 and other applicable authorities.

WAIVER / COMPROMISE REQUEST (*cont.*)



- If the waiver or compromise request is denied, interest, penalties, and fees will accrue as stated in the demand letter.
- If the waiver or compromise proposal is accepted, interest, penalties, and administrative charges will be addressed in the resulting waiver or compromise agreement

NEXT STEPS



- TRICARE Retail Refund Manufacturer Policy and Procedures Guide 2015
- FCPGuide@dha.mil
- Implementation of new policies: 1st Quarter Calendar Year 2015 Refund Billing Cycle

TRICARE RETAIL REFUND PROGRAM INFORMATION



- Program information: <http://www.tricare.mil/tma/pharmacy/pharmmmfg/>
- Email Inquiries: UFVARR_Requests@dha.mil (note the underscore)
- Call 703-681-8494 for the following:
 - ☐ Refunds
 - ☐ Disputed Claims
 - ☐ Explanation of Data
 - ☐ File Format, Delivery, Download and Decrypting
 - ☐ Communication
 - ☐ TRRWS, Password /PIN and System Availability
- Call 303-676-3637 for the following:
 - ☐ Invoices /Demand Letters
 - ☐ Payments
 - ☐ Billing (\$) related questions

CLOSING REMARKS



- Information and Resources
- Please Provide Feedback: Policy and Procedures Guide
- Continue to Build the Partnership