

Commonwealth of Kentucky Pharmacy Payment Improvement Plan

*** Update: The scheduled change to a 7-day payment cycle has been delayed one week. The implementation of the new payment cycle on 08/26/2021 cannot be accomplished without risk of incomplete or inaccurate remittances to providers. If you have questions regarding your payments, you can contact MedImpact’s Pharmacy Network Department at pharmacynetworkadministrators@medimpact.com. ***

Planned Approach:

Due to continued pharmacy provider confusion and cashflow concerns regarding the previously established MedImpact payment cycle (14-day cycle and payment transfer/EFT timing and visibility), we will be moving to a 7-day payment cycle. This change may be effective for the cycle end date **09/02/2021** barring unforeseen circumstances. EOB / claim file production will be aligned with this new schedule.

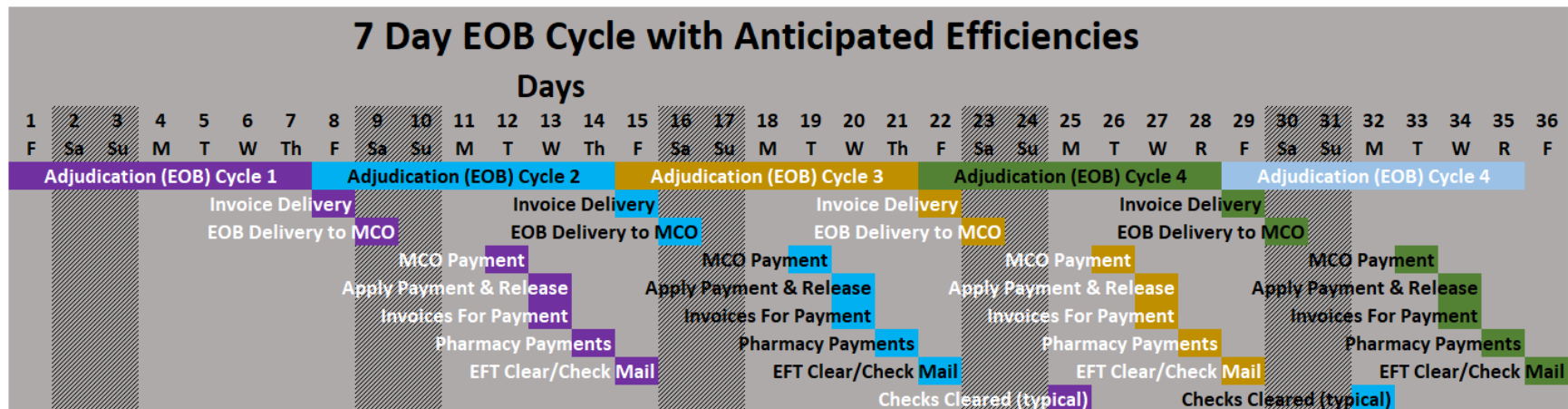
Improvement in timeliness of payments to pharmacies is illustrated below.

Assumptions/Dependencies:

The following item is specifically required to achieve the efficiency gains described below. If MCOs are late paying and this cycle is executed as described, partial checks that do not include late paying MCOs must be sent and any late paid MCO funds delivered at a later date.

1. MCO 48-hour turnaround on remittances

New Process Timeline:



Process Description and Efficiency Gains:

The following process steps will be adjusted as described.

1. Adjudication (EOB) Cycle

The new 7-day EOB cycle will run from Friday through Thursday. This change will increase the frequency of pharmacy payments and result in a net gain of 7 days, i.e., there will be no approved claims waiting 8-14 days to be invoiced as is the case with the current cycle.

2. Invoice Production and Delivery

MedImpact will continue to produce invoices on Fridays, though with greater frequency (weekly). The payment cycle process has multiple steps and dependencies and we have found opportunities within the process to improve cycle processing times and will deliver invoices to MCOs for payment funding earlier in the day.

3. MCO Payment

The MCOs have universally agreed to the change in payment cycle to 7 days and will work to expedite their remittance to support payment reconciliation. MCO Commitment to funding remittance within 48 hours (2 business days) would result in a one-day gain, which should create a downstream impact/net gain of 3 days, in most cases, with the goal of pharmacies seeing EFT payments in their accounts every Friday rather than the following Monday. Exceptions could occur during weeks with holiday(s).

4. Payments (EFT and Check)

Payments currently made on the Friday following the EOB cycle end date will now be scheduled to occur on Thursday. EFT payments should be visible in provider/payee accounts on Friday rather than the following Monday as previously described. This does have a dependency on the target bank payment posting rules and timelines.

Paper remittances, as is currently the case, remain dependent on multiple factors outside of each party's control (mail time, deposit time and posting schedule, etc...) and will likely continue to take 11 days on average to post to provider accounts. Each provider is encouraged to sign up for EFT payments through the MPPA process at the following website:

<https://chfs.ky.gov/agencies/dms/dpi/pe/Pages/mppa.aspx>