Manulife Financial

What happens when a prescription gets filled?

The electronic drug claims process

Group Benefits

What happens when a prescription gets filled:

The electronic drug claims process

A patient goes to the doctor. After diagnosing the symptoms, the doctor writes a prescription for medication, which the patient takes to the pharmacy. It's a process that we're all familiar with…

But, as a Plan Administrator, you need to know exactly how your Manulife Financial drug plan fits into this process. Here's the behind-the-counter description of what happens each time a prescription is filled under a ManuScript pay-direct drug card plan.

STEP 1 - At the Pharmacy

The pharmacist begins by entering information into the system under three categories: patient, prescription and adjudication.

Here's what it might look like:

Patient Information:	
Surname:	Jones
First Name:	Elizabeth
Date of Birth:	1945/10/23
Gender:	F
Relationship Code:	Cardholder (or spouse/under-age/over-age disabled dependent)
Allergies:	None

Prescription Information:	
Prescription Number:	222333
Drug:	Tylenol #3 with codeine
DIN:	02163925
Quantity	30
Days Supply:	10
Professional Fee:	$10.49
Compounding Fee:	$0.00
Date Filled:	February 3, 2001

Adjudication Information:	
Third Party:	ESI Canada
Carrier ID:	02 (for Manulife Financial)
Group Number:	56789
Client ID:	1234567890

While each pharmacy may use a different computer system, all data entered must include certain Canadian Pharmacists' Association (CPhA) codes that are required in order to transmit the claim correctly. For example, an intervention code" is used to identify things such as a "co-ordination of benefits" claim (this happens when both patient and spouse have group benefits coverage). "Product selection" codes are used to indicate that the physician requested "No Substitution," or a "Drug Utilization Review" override.

Once this information and coding has been entered into the pharmacist's computer system, he'll identify the claim as an ESI Canada pay-direct drug card claim. (ESI Canada is Manulife Financial's Pharmacy Benefit Manager.) The drug claim is then sent electronically from the pharmacy, to ESI Canada, using a network provided by National Data Corporation. At ESI, the claim is merged with the plan member's eligibility and pharmacy history data, as outlined in steps 2, 3 and 4.

STEP 2 - The First Series of Checks

Via the computer network, the claim is checked to make sure:

- The data has been entered in standard CPhA format. (The system verifies that all of the data is in the correct location.)
- The pharmacy is valid and active.
- The plan member is eligible. (The system looks up a plan member's eligibility information to determine whether she is still active within the group plan and verifies the effective dates of her coverage.)

STEP 3 - The Second Series of Checks

If all of the elements in "Step 2" have been satisfied, the system asks:

- Is the group plan valid and active?
- Who pays first? (The system checks the "co-ordination of benefits" indicator on the eligibility file to determine whether a government plan, or another insurer pays first.)
- Is the Drug Identification Number valid? (The pharmacist must enter a valid, 8-digit DIN number.)
- Is the drug covered by the benefits plan?

Should any of the "checks" fail, the pharmacist receives a response code identifying why the claim has been adjusted or rejected. In most cases, the pharmacist can fix a data entry problem by correcting the information or speaking with the plan member. The pharmacist can also get help by calling the ESI Canada help desk. Usually, this means the claim can be paid right away.

STEP 4 - Adjudication by ESI Canada

When all of the pre-screening "edit checks" pass, the claim is adjudicated.

- Plan limits are applied.
- Drug pricing is verified including provincial mark-ups.
- Plan details are applied. (Fee caps, deductibles, co-pays, maximums, co-insurance.)
- The net payable amount is determined.
- A Drug Utilization Review (DUR) is performed to identify potentially dangerous drug interactions, early refills (two-thirds of the previous prescription has not been used yet), duplicate drug or therapy. DUR messages may provide information to the pharmacist (soft edit) or cause a claim to be rejected (hard edit). For instance, a claim would be rejected if the DUR detected a potentially fatal drug-to-drug interaction.

ESI sends a response to the pharmacy indicating the dollar amount paid for each claim, along with up to five messages. These messages may explain the plan design details that have been applied, indicate that a maximum benefit has been met, that the professional fee has been adjusted, or that the ingredient cost has been adjusted.

It all happens in less than thirty seconds!

Here's a sample response the pharmacist receives from ESI Canada:

ABC Pharmacy **Adjudication Review**

Tx No 1234567 Seq No 1 Reference No 444555666 Trace No 998877

Patient **Jones, Elizabeth** Third Party **ESI 99**

Type Claim Status Accepted Date 2001/02/03 Time 17:08:40

	Rx Amount	1st Payor	Variance	Override
Ingredient Cost	❹ 11.60	❹ 11.26	-0.34 ***	
Professional Fee	❶ 10.49	❷ 7.00	❷ -3.49 ***	
Cost Markup	0.00	0.00	0.00	
Compounding Fee	0.00	0.00	0.00	
Net Claim	22.09	14.61	-7.48 ***	
Copay/Deductible	0.00	❸ 3.65	3.65 ***	7.48
	Rx Total	22.09	18.26	-3.83

Response DH Professional fee adjusted

D8 Reduced to generic cost

Ref. #	Pharmacy Charges	Plan Pays	Plan Member Pays	Explanation
1 **Professional Fee**	**10.49**			
2 Professional fee coinsurance (plan pays 80%)		5.60	1.40	Plan member pays 20% coinsurance of eligible professional fee. ($10.49 – $3.49 = $7.00) $7.00 x 20% = $1.40
Ingredient Cost	**11.60**			**$11.60 initially charged by pharmacy.**
4 Ingredient cost reasonable and customary (R&C)		11.26 eligible	0.34	Ingredient cost reduced to $11.26 due to R&C cutback. Plan member pays $0.34.
3 Ingredient cost coinsurance (plan pays 80%)		9.01	2.25	Plan member pays 20% eligible ingredient cost. $11.26 x 20% = $2.25
Total amount	**22.09**	**14.61**	**7.48**	

Coordinating with a patient's secondary benefits plan

If the patient is covered by another drug plan, the amount she's required to pay can then be submitted to the second carrier for "co-ordination of benefits." The claim can be submitted electronically (if the carrier and pharmacy software can support it) or it may be necessary to submit the claim manually.

In the case of a husband and wife with coverage under two separate pay-direct drug cards, ESI Canada supports on-line co-ordination of benefits for both primary and secondary claims. The pharmacist can submit the second claim electronically to ESI, even if the primary claim is not with ESI Canada.

STEP 5 - Receipt

The pharmacist provides the patient with her medication and a detailed official prescription receipt.

Total Paid by plan member
(amount not paid for by drug plan)

OFFICIAL PRESCRIPTION RECEIPT
Rx# 222333 **Refills:** 000 **Patient Pays:** $7.48
Elizabeth Jones
Date: 2001/02/03
Tylenol #3 with Codeine
DIN: 02163925 **Tx#** 1234567
Drug Cost Charged: $11.26
Professional Fee: $10.49
Total: $22.09
Pharmacist's Signature:
ABC Pharmacy **123 Main Street Anywhere, ON L5L 5L5**
(555) 555-5555

Summary

A patient takes a prescription to the pharmacist. The pharmacist processes the prescription, transmitting pertinent information to ESI Canada. ESI Canada transmits a record of the claim to Manulife Financial, and checks the data associated with the claim against plan design, limits and other information supplied by MLI. ESI sends appropriate messages to the pharmacist, who provides the patient with a receipt at the end of the transaction.

Important Notice on Confidentiality

At no time can the pharmacy browse or view the ESI Canada eligibility files or the DIN file. Some people have the false impression that pharmacies can view or browse these files. In reality, the pharmacy enters the patient's profile and ESI Canada specific codes/numbers and transmits the claim. ESI Canada adjudicates the claim and sends a CPhA response code back to the pharmacy. Also, ESI Canada is restricted in terms of how it responds to claims transmissions by the CPhA standard.

For more information call 1 888 Manulife or visit our Web site www.manulife.ca

Manulife Financial is a leading Canadian-based financial services company, which together with its affiliates, operates in 19 countries and territories worldwide. Through its extensive network of employees, agents and distribution partners, Manulife Financial offers clients a diverse range of financial protection products and wealth management services. Funds under management by Manulife Financial and its affiliates were Cdn. $360 billion as at June 30, 2004.

Manulife Financial Corporation, the parent company of Manulife Financial, trades as 'MFC' on the TSX, NYSE and PSE, and under '0945' on the SEHK. Manulife Financial can be found on the Internet at www.manulife.com.

GL3737E (01/2005)

Manulife Financial
Helping You Make Better Financial Decisions™