



The Value of Comprehensive Claims Reconciliation

When a Pharmacy Services Administrative Organization manages claims reconciliation, the result for independent pharmacies is significant time savings and higher profits



Claims Reconciliation: A Critical Component of Business Responsibilities

For independent pharmacies facing many everyday challenges to their financial health, operational business functions can become time-consuming administrative burdens. Among those functions, issues related to claims reconciliation emerge as a primary pain point.

Because reimbursement errors can be commonplace, timely and accurate reconciliation is necessary to ensure full payments. Having the ability to reconcile each claim drives better visibility into contract performance, which in turn drives profitability. However, many independent pharmacy owners would prefer to spend their working hours building personal relationships with their patients and customers, rather than worrying about reconciling claims.

When it comes to maximizing the benefits of reconciliation services, the difference can be found in the Pharmacy Services Administrative Organization (PSAO) that you choose to oversee your business's administrative tasks. In the next few pages, we will discuss the key services that independent pharmacies should look for in reconciliation support to maximize their PSAO partnership and ensure better overall profitability.



Meticulous Reconciliation of Every Claim

Claims reconciliation services are a standard offering from most PSAOs, but the quality and scope of those services are not the same across the board. For example, many PSAO reconciliation programs will stop at identifying claims that are underpaid or not paid. Of the programs that do provide this service, some establish a minimum dollar limit, and they decline to recover any payment discrepancies that fall below that threshold, electing for a write-off instead. While the amounts of those funds may appear nominal on an individual basis, they can add up to thousands of dollars a year.



A PSAO providing the highest level of service to its member pharmacies will provide comprehensive, end-to-end support for all claims reconciliation and recoupment. Each claim and promise-to-pay amount will be carefully monitored and evaluated. In the event of a discrepancy, no matter how small, a full-service PSAO will contact the payer on the pharmacy's behalf to recover funds not fully paid – with the goal of ensuring payment to the penny and providing peace of mind that no money will be left on the table.

Pharmacy First reconciles billions and recovers millions for independent pharmacies

Pharmacy First's collaboration with PBM partners has resulted in greater efficiency, improved payer engagement, and better data visibility for member pharmacies. This allows for fewer problematic claims and more third-party payments that are both correct and on time:

Year	Amount Reconciled	Amount Recovered
2018	\$4,089,170,258.75	\$6,697,339.54
2017	\$4,256,956,929.82	\$7,120,380.65
2016	\$3,454,219,246.30	\$17,703,750.57
2015	\$2,992,895,789.04	\$44,961,634.47
2014	\$2,549,283,828.70	\$25,054,770.48



Managing Finances with Customizable Pay Arrangements

Through full-service reconciliation, a high-functioning PSAO will take over as the central pay center for payments and receivables on the pharmacy's behalf. The benefits of a central pay system include:

- The pharmacy can take a “hands-off” approach
- Payments are made faster, usually arriving as a next-day ACH payment to the PSAO from contracted pharmacy benefit managers (PBMs) as opposed to a check through the mail
- The PSAO can make daily deposits to the pharmacy as money is received
- The PSAO provides full visibility into money coming in and out
- The PSAO provides internal reporting and notifications of outstanding receivables and payment status reports



In addition, a pharmacy-focused and service-oriented PSAO will provide reconciliation service even on claims paid by PBMs and plans that are outside the PSAO's contracting network. In this scenario, the PBMs pay the pharmacies directly, the pharmacy notifies the PSAO, and the PSAO reconciles the check against the 835 remittance detail to ensure all claims were paid in full.

Centralized payment models certainly have their benefits, but central pay is not required for pharmacies to receive reconciliation support. A full-service PSAO can and will assist with reconciliation even when payments are mailed directly to the pharmacy. The PSAO typically receives an 835 electronic remittance file before the pharmacy receives a check, which allows shared visibility into the money that's on its way. And if that check should fail to arrive for any reason, a full-service PSAO will take the initiative to locate and facilitate payment quickly.

This level of effort and commitment is not offered by every PSAO, so be sure to choose the one that will assist with reconciling all your claims and take the financial aspects of your business completely off your plate. You will save time while also ensuring you never leave any money on the table when it comes to doing business with PBMs.



It is nice to see full transparency of our DIR fees. Not only do we have visibility to what has actually been taken, but we also have access to the DIR fee rates to see how they are being calculated.

Dusty Wear, Pharmacy First member and owner of Brackin Drugs, Town Creek, Ala.



Providing Visibility on Fees, Payments, and Savings Opportunities

For independent pharmacies, a key aspect of managing the financial landscape is managing various fees. From Direct and Indirect Remuneration (DIR) and transaction fees to dispensing fees and more, pharmacy owners may not have clear insight as to who is paying what, when and why – which can have a negative effect on the bottom line.

Your PSAO of choice should have full visibility of monies going out and coming in, along with the ability to provide transparency and internal reporting so pharmacy owners never feel “in the dark” about their own revenue streams. With tracking from the PSAO, pharmacies can see exactly how much of their incoming payment includes recouped DIR fees by PBMs, as well as fees paid to the pharmacy, such as dispensing fees. With enhanced visibility into profit and loss right down to the individual claim level, pharmacies are empowered with data-driven insights that enable them to adjust decision making as desired about prescriptions that are assessed the most fees.

Because DIR fees change over time (as they are regularly subject to performance measurements and network tiers), your PSAO should be instrumental in engaging its



Assisting with Audit Risks and Requirements

A growing priority for independent pharmacies is having the ability to rely on PSAO support for PBM audits – and only a high-functioning PSAO with comprehensive reconciliation services is well positioned to provide that enhanced level of service. Look for a PSAO that will not only bring audit risks to your attention, but also assist in retrieving the information requested by PBMs to avoid or mitigate any possible financial penalties. In a typical audit, PBMs look closely to assess such factors as:

- **Was the drug properly dispensed at the right quantity to the right patient?**
- **Is the proper documentation on file?**
- **Is the drug in the pharmacy's current inventory?**

Pharmacies unable to provide proof of this information and requested documentation are at risk of the PBM reversing payments. This could lead to substantial financial deficits of thousands of dollars, being placed on a corrective action plan or even possible loss of the PBM contract. As your advocate, a PSAO should be making audit assistance a key aspect of its reconciliation support services.

member pharmacies to raise performance on key indicators like generic dispensing rates, generic effective rates, medication therapy management and adherence rates. With a PSAO partner that serve as an advocate for enhancing performance, all pharmacies in the PSAO's network will benefit from the lower fees that accompany better scores.

The PSAO you choose should go beyond simply reconciling claims – it should provide full visibility and financial management regarding all fees and reimbursements for your pharmacy. A full-service PSAO will also monitor the reconciled funds in terms of contract performance and provide visibility to underperforming claims.

A Trusted Business Partner

A service-oriented PSAO will partner with independent pharmacies to protect their business health, allowing pharmacies to focus on their patients by freeing them from time-consuming administrative tasks. Through its claims reconciliation services, the PSAO becomes a dedicated “extension” of the pharmacy's staff and a trusted business partner. Any pharmacy in search of a PSAO partner should understand the extent of the reconciliation services offered to ensure the following features and benefits will be delivered:

- Reconciliation services are handled automatically with no additional involvement by the pharmacy (except when it involves claims outside the PSAO's contracted network – with minimal pharmacy involvement needed).
- Payments and receivables are managed efficiently and tracked meticulously to protect against financial losses.
- Pharmacies reduce internal time spent on finances, which results in lower administrative expenses and increased profits.
- Pharmacies reduce time spent on administrative tasks, which allows for more time with patients for the highest-quality care.

Claims reconciliation is a key PSAO service that will help support financial success, elevate the quality of the business and ultimately improve customer service. Whether you are considering outsourced reconciliation for the first time or looking for a new PSAO that can maximize profits and minimize losses, the goal is find a PSAO partner that offers the most comprehensive reconciliation program to save you time and money.

About the Author



With more than 13 years in the pharmacy industry, Ashley Otte is the Director of Reconciliation for Pharmacy First. She manages a team specializing in financial oversight of independent pharmacies. Her expertise also includes all aspects of working with PBMs and ensuring an excellent customer experience.



With a network of more than 2,300 independent pharmacies across the country, Pharmacy First is committed to providing the right tools, resources and support to keep our customers competitive and sustainable.

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