

# QUESTIONS CH 18

## BILLING AND REIMBURSEMENT



### Learning Outcomes

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*After completing this chapter, you will be able to*

- Explain the basic principles of pharmacy billing and reimbursement.
- Define common pricing benchmarks.
- List various payers of pharmaceuticals and pharmacy services.
- Describe the differences in reimbursement processes dependent on payers and patient care settings.
- Describe the categories of information that are needed to submit a third-party claim for a prescription or medication order.
- Use knowledge of third-party insurance billing procedures to identify a reason for a rejected claim.

## MULTIPLE CHOICE

- \_\_\_\_\_ 1. The pharmacy business:
- Is a hybrid business offering both goods and services.
  - Is mostly a cash business, with less than half the prescriptions filled being billed to a third-party plan.
  - Includes one standard methodology for billing and reimbursement from third-party plans
  - Relies on prospective payments in a community pharmacy practice.
- \_\_\_\_\_ 2. Third-party reimbursement is:
- Copay paid by the patient minus the acquisition cost of the drug
  - Selling price of the product minus the actual cost of the product
  - Ingredient cost plus dispensing fee minus copay
  - Amount paid by the patient minus acquisition cost of drug
- \_\_\_\_\_ 3. Which of the following is NOT TRUE regarding the AWP?
- AWP stands for the average wholesale price.
  - AWP information is available from Medi-Span and First Databank.
  - Third-party reimbursement relies exclusively on the AWP to determine the cost of the medication.
  - The AWP is usually set at 20-25% above the wholesale acquisition cost.
- \_\_\_\_\_ 4. Benchmark prices include the following EXCEPT:
- AMP
  - WAC
  - AWP
  - MME
- \_\_\_\_\_ 5. Which of the following is NOT TRUE regarding the WAC?
- It's the wholesale acquisition cost set by each manufacturer.
  - It represents the list price at which the manufacturer sells the drug to the wholesaler.
  - If WAC is used as the basis for reimbursement, it is usually expressed as the WAC minus a small percentage (e.g., 2 or 3%).
  - WAC, along with AWP, do not represent what is actually paid for a drug and are falling out of use as benchmark prices.
- \_\_\_\_\_ 6. The exact methodology that is used to bill and reimburse for drugs varies based on several factors, including the following:
- The practice setting in which the drug is dispensed.
  - The type of drug that is being dispensed (e.g., single-source brand products vs. multisource generic products).
  - The third-party who is paying for the drugs.
  - All of the above.
- \_\_\_\_\_ 7. Overhead costs often include various expenses such as:
- Rent and utilities
  - Personnel costs (i.e., salaries for pharmacists and technicians)
  - Equipment (e.g., computers, fax, printer)
  - Supplies (e.g., labels, vials)
  - All of the above