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State of California

DWCNewsline

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Division of Workers' Compensation responds to inquiries regarding discounted payments for pharmacy benefits

Pharmacy fees incurred by non-contracted pharmacies, prior to notification that the payor utilizes a pharmacy network, should be paid at the fee schedule amount, absent any legitimate billing objections. Labor Code section 4600.2 allows insurers to contract with a pharmacy, a group of pharmacies or pharmacy benefit networks to provide medicines and medical supplies for injured employees. However, when an injured employee first fills a prescription for a work-related injury, he or she is often unaware that the employer's insurer has a pharmacy network or has contracted with a specific pharmacy group. In such a situation, a pharmacy benefit manager (PBM), which is a third party administrator of prescription drug programs, will guarantee payment for a pharmacy and process the bill after determining who the employer's carrier is. Once the PBM has contacted the insurer and submitted the pharmacy charge, the insurer will inform the PBM if it has a pharmacy network or has contracted with a specific pharmacy or pharmacy group. Discounted pharmacy payments should not be applied to non-contracted pharmacies in these "first fill" situations.

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