



## Prompt Pay & Audit Standards

[HB 2250](#) by Reps. [Todd Hunter](#) (R-Corpus Christi), [Yvonne Gonzalez Toureilles](#) (D-Alice) and [Allen Fletcher](#) (R-Katy) & [SB 1106](#) by Sen. [Leticia Van de Putte, RPh](#) (D-San Antonio).

- 1) PBMs should adhere to the same **audit standards** *now* in law for insurance plans for all other providers. Also needed are requirements that limit the use of extrapolation, and provide for clear and standard contract language.
- 2) Pharmacies should be **paid promptly, at least within two weeks** time of claim submission using an **electronic funds transfer (EFT)**.
  - a) All PBM claim filing and adjudication is done *electronically and virtually instantaneously*. A PBM has all the information it needs at the time of pharmacy service to review and authorize each claim.
  - b) PBMs get paid promptly from the plan sponsors, so PBMs should pay pharmacies promptly.
  - c) EFT is an almost universal method used by businesses to pay employees and bills.
  - d) The Texas Medicaid program pays pharmacies within 10-12 days using EFT.
- 3) The existing prompt pay audit law should provide for a complaint process for pharmacies and a requirement of Texas Department of Insurance to investigate complaints and make a written determination and possible sanctions for violations.

**Background:** Pharmacy benefit managers (PBMs) play the role of the “middleman” by contracting with an HMO, PPO or other health benefit plan or employer to administer the prescription benefit portion of the plan’s health coverage. PBMs contract with pharmacies to create a network, process claims and perform many other tasks and services related to pharmacy benefits. Many also own a mail-order pharmacy. A lone pharmacy does not have sufficient negotiating power to obtain more favorable payment and audit provisions in its contract with a PBM.