



Workers' Compensation Glossary of Terms

Mitchell Pharmacy Solutions



Introduction

Workers' compensation pharmacy benefit management (PBM) can be complex. With so many industry terms and phrases, it's easy to be overwhelmed. That's why we've compiled a comprehensive guide to workers' compensation PBM with this workers' compensation glossary of terms. Learn more about the industry, from ACOEM guidelines to formularies to step therapy. Gain insight into pharmacy-related terms, such as benefit identification number (BIN) or mail order.

With these definitions of workers' compensation terms, you will be equipped with the knowledge you need to better navigate the industry. Whether you are new to the industry or just need a refresher, take a look through this workers' compensation glossary to bolster your knowledge.

For more information about the workers' compensation industry and pharmacy benefit management, visit www.mpower.mitchell.com.



A

Adjuster (Examiner)

An individual responsible for monitoring claims and ensuring the injured individual is receiving all eligible benefits. The adjuster typically approves or denies prior authorizations (PAs) and payments related to pharmacy transactions.

American College of Occupational and Environmental Medicine (ACOEM) Guidelines

According to ACOEM's website, "ACOEM's Occupational Medicine Practice Guidelines define best practices for key areas of occupational medical care and disability management. They are intended to improve the efficiency and accuracy of the diagnostic process as well as identify the effectiveness and risks of individual treatments in resolving an illness or injury — helping workers return to normal activities as quickly and safely as possible."

Ancillary

Services provided to an injured person beyond regular medical care received in the doctor's office. These may include electro-therapy, home therapy, home medical, transportation and language, physical medicine and diagnostic imaging.

See "Durable Medical Equipment"

Average Wholesale Price (AWP)

The suggested wholesale price of a drug. AWP is typically assigned by the manufacturer and used to calculate the cost of a particular drug.

B

Benefit Identification Number (Rx BIN)

A unique number that allows the dispensing pharmacy and PBM to verify pharmacy benefits associated with an insurance plan, and enables correct routing of medication-related billing.

Bill Review

A program that reviews medical and pharmaceutical bills for correct charges, approved treatments and medications. Bill Review will disallow or reduce charges that are in excess of state fee schedules and/or contracted pricing.

Mitchell's bill review program is called [SmartAdvisor](#)[®].

Brand Name Drugs

Developed and launched by a specific pharmaceutical company and are generally given patent protection for 20 years from the date of submission of the patent. This provides financial protection for the innovator who spent the initial costs on research, development, marketing, etc. to develop the new drug. When the patent expires, other companies can introduce competitive generic versions.

See "Generic Drugs"

C

Cancellation

If the pharmacy needs to reverse a medication but cannot do so, the PBM can typically cancel the fill and stop billing.

See "Reversal"

Case Manager

Monitors claims and assists injured individuals in obtaining necessary and appropriate medical care.

See "Nurse Case Manager"

C

Cash Price

The price an individual without prescription drug coverage would pay at a retail pharmacy

See "U&C"

Claim Adjudication

End-to-end processing or settling of a claim after a patient's benefits have been verified

Claim Number

A unique identifier used to reference a claim by all parties involved in the claim process. The claim number is used to identify the specific injured individual and reported loss.

Compliance

Whether a patient is adhering to outlined medical treatment or drug plan

Compliance can also refer to jurisdictional regulations

Compounded Medications/Compounded Drugs

Prepared by a pharmacist, who mixes more than one drug ingredient together to customize a medication/formula to meet the patient's individual needs. These medications usually require a prescription.

Co-pay

The portion of a prescription drug cost that is paid by the patient

Coverage Period

The time in which the insurance policy covers the patient

See "Eligibility"

D

Date of Injury (DOI)/Date of Loss (DOL)

The date the injury occurred

Date of Service (DOS)

Prescription: The date the prescription was processed for the patient. The DOS must be greater than or equal to the DOI.

Medical Treatment: The date the patient was treated by a medical provider

Date Written

The date the prescription was written by the doctor. This cannot be greater than today's date.

Most prescriptions expire one year from the date they were written. Controlled substances expire earlier than one year, depending on the schedule (II, III, IV).

Days' Supply

Corresponds with the quantity of a prescription and indicates how many days the quantity dispensed can satisfy the dosage written.

DEA Number

Drug Enforcement Agency Number. Assigned to a health care provider and required for writing prescriptions for controlled substances.

Dispense As Written (DAW)

Physicians will indicate this on a prescription when they want the pharmacy to dispense the brand name of a drug although a generic is available.

A rejection will occur if the pharmacy does not specify any DAW code and the field is submitted empty. The pharmacy must process script(s) with an appropriate DAW code.

Dispensing Fee

In most states, pharmacies are allowed to charge a dispensing fee on prescription transactions to cover the costs associated with the pharmacy.

PBMs typically charge their clients a dispensing fee to cover the costs of processing the prescription.

DOH License # (Department of Health)

In the state of Florida, this field must be populated for all dispensing pharmacists when they are processing workers' compensation prescriptions.

Drug Enforcement Agency (DEA)

The DEA is the federal agency that enforces the controlled substances laws and regulations.

Drug Utilization Review (DUR)

Process to ensure that the claimant is receiving appropriate medications for his or her injury. Issues that may be evaluated include drugs that may be harmful or inappropriate for the treatment of the injury.

Durable Medical Equipment (DME)

Items such as canes, crutches, or TENS units.

See "Ancillary"

E

Eligibility

Determination of who and what is eligible for benefits based on the coverage at the time of the incident. The benefits may include medical (including pharmacy) and indemnity.

Explanation of Benefits (EOB)

Documentation that breaks down the benefits paid out by the payor for the services rendered to the injured party.

F

Fee Schedule

Maximum amount of payment for specified prescriptions. States that require fee schedules outline the maximum fee required to pay for each drug. The provider cannot pursue additional collections or reimbursement efforts above the fee schedule.

Formulary

A list of preferred medications that physicians can prescribe without prior authorization. When medications are not listed on a [drug formulary](#), they will need additional authorization before they can be prescribed or dispensed. A client may have multiple formularies depending upon the type of injury, jurisdiction state, etc.

G

Generic Drugs

Equivalent drugs that have been introduced after the patent of a brand name drug has expired, allowing other companies to manufacture that drug. Some states require the pharmacy to substitute less expensive generic drugs for many brand drugs. However, if the doctor writes on the prescription form that a specific brand name is required (DAW) the pharmacy cannot substitute a generic form of the drug.

Depending on the state regulation, the claimant may have to pay the difference in price between the generic and brand name or the entire cost of the brand name drug.

Generic drugs are generally less expensive than brand name drugs because generic manufacturers don't have the investment and development costs of the research and development of a new drug. They are therefore able to sell their product at substantial discounts versus the original brand name drug.

All generic drugs are approved by the FDA and must prove they are therapeutically equivalent to the brand name drug.

See *"Brand Name Drugs"*

Generic Product Indicator (GPI)

General classification used by Medi-Span® Drug Database to identify a group of drugs into similar therapeutic classes. Generally, it is preferable to use the GPI number for a script when creating PAs.

Each successive two digit in this number represents the following: drug group, drug class, drug subclass, drug name, name extension, dosage form & strength.) The GPI is 14 digits.

For instance, Atorvastatin Calcium Tab 10 MG GPI Name is 39-40-00-10-10-03-10.

Generic Substitution

Dispensing of generic alternative rather than a brand name drug. Most formularies and drug benefit plans require generic substitution when a generic form is available.



H

HIPAA

HIPAA stands for Health Insurance Portability and Accountability Act. This is a federal law that ensures that each member's protected health information (PHI) and other personally identifiable information (PII) is kept private and secure.

I

Independent Medical Exam (IME)

An exam that determines if the injuries and treatments are related to the claimed work-related injury. An IME can be requested by the claims adjuster to evaluate the condition of an injured person.

Injectables

Certain types of drugs that can only be administered by an injectable route (intravenous, intramuscular, subcutaneous). Injectables can be administered by the injured person or by a medical professional depending upon the type of drug and how/where it is to be injected.

Insurance Carrier

The insurance company responsible for covering all medical expenses related to the compensable injury.

International Classification of Diseases (ICD)

Standard codes for diseases, signs and symptoms, and diagnoses.

J

Jurisdiction

The limits or territory within which authority may be exercised.

Jurisdiction is generally based on the state in which the accident occurred. The state laws and regulations should be followed when handling the claim.

See also *"State of Jurisdiction"*

L

Letter of Medical Necessity (LMN)

Letter requested by the PBM or client requesting that the prescriber document why the treatment or drug prescribed is necessary and related to the injury or illness. Usually this letter is requested if there are questions regarding why the particular medication was prescribed.

M

Mail Order Service

Home delivery of medications to an injured person, typically in larger quantities than would be purchased at a retail pharmacy (i.e. 90 day supply). Mail order prescriptions are also often offered at a better rate.

Managed Care/Medical Management

Medical delivery system organized to manage quality, utilization and cost of medical services that individuals receive

Maximum Allowable Cost (MAC)

Upper limit or maximum amount of reimbursement for a particular generic drug.

Medicare Set Aside (MSA)

An agreement that sets aside a portion of a workers' compensation financial settlement to pay for future injury-related medical expenses. These funds must be used before Medicare will pay for treatment related to the injury. A result of the Medicare Secondary Payer Act, the MSA ensures that Medicare does not have to pay bills for a workers' compensation injury.

Medi-Span®

A drug database designed to provide pricing, codes and analysis to help businesses process prescriptions.

See also *"Red Book"*

Morphine Equivalent Dose (MED)

Provides a measure to equate different opioids into one standard measurement, based on morphine and its potency.

See *"Morphine Milligram Equivalents (MME)"*

Morphine Milligram Equivalents (MME)

Value given to the different opioid medications to determine safe dosage of the specified opioid.

CDC guidelines recommend caution when prescribing greater than 50MME per day and to avoid prescribing greater than 90MME per day.

See *"Morphine Equivalent Dose (MED)"*

N

NABP

National Association of Boards of Pharmacy

See “NCPDP”

National Council for Prescription Drug Programs (NCPDP) Number

A seven-digit number, where the first two digits represent the state in which the pharmacy is located alphabetically. NCPDP has assigned each pharmacy a unique identifier to assist pharmacies in their transactions with claim processors. This number was formerly known as the NABP number.

National Drug Code (NDC)

A unique 11-digit number used to identify the exact manufacturer, drug, strength, package size and brand name of prescription drugs. The Drug Listing Act requires all registered drug organizations to provide the Food & Drug Administration (FDA) with a list of all drugs manufactured and prepared for commercial distribution.

National Provider Identifier (NPI)

The Centers for Medicare and Medicaid Services established the NPI number as the standard identifier for all pharmacies and prescribers. The NPI number replaced all pharmacy identifiers, such as the NCPDP number, in 2007. The NPI number is required on all HIPAA-related transactions, including prescriptions. This number is 10 digits long and has no unique identifiers to the pharmacy or prescriber to which it has been assigned.

Non-Formulary

When a drug is not included in a published medication formulary. A prescription will pend until prior authorization is obtained from the verified authorizer.

See “Formulary”

Nurse Case Manager

Nurse Case Managers influence medical care by intervening with the physician where necessary to achieve maximum medical improvement and to minimize permanent disability. A nurse case manager also facilitates the disabled employee’s safe and timely return to work.

NCMs also work directly with the carrier to recommend if a patient’s treatment is medically necessary.

See “Case Manager”

O

Official Disability Guidelines (ODG)

ODG provides independent, evidence-based treatment guidelines designed to “improve and benchmark return-to-work performance, facilitate quality care while limiting inappropriate utilization, assess claim risk for interventional triage...” These guidelines are published by the Work Loss Data Institute (WLDI).

Opioid

Opioids are a type of narcotic that acts on opioid receptors in the brain. In injury claims, they are typically used for pain relief. Prescription opioids include oxycodone, hydrocodone, codeine, morphine and others.

The FDA and many states have strict limits regarding prescription practices of opioids.

Over-the-Counter (OTC) Drug

Medicine that may be sold without a prescription. OTC medications can be prescribed by a medical professional to treat the injury. These prescribed OTCs are occasionally included in the formulary. Ex: aspirin



P

Partial Fill

This occurs when the pharmacy does not have enough supplies in stock for the written prescription or if an prescription exceeds a predefined limit. This limit can be related to cost, MED, etc.

Payor

The party responsible for covering medical expenses related to the compensable injury.

See “Insurance Carrier.”

Peer Review

A records-based evaluation of a case by another doctor to gain a second opinion as to whether the treatment rendered or drug prescribed was appropriate for the injury. The reviewing doctor can make recommendations on the treatment or medication.

Personally Identifiable Information (PII)

Information that can be used to identify an individual, such as name, address and social security number.

This is similar to PHI but does not include health information.

Pharmacy Benefit Manager (PBM)

A PBM is a third party administrator of prescription drug programs. They are primarily responsible for processing and paying prescription drug claims on behalf of their clients. They also are responsible for developing and maintaining the formulary, contracting with pharmacies and negotiating discounts and rebates with drug manufacturers.

Mitchell’s PBM is called [ScriptAdvisor](#)®.

Preferred Brands

Brand name drugs that are on the preferred drug list or formulary

Preferred Drugs

List of drugs preferred by a plan, usually designated by the formulary.

Preferred Pharmacy Network

Network of pharmacies that are listed by plan as preferred.

Prior Authorization (PA)

A requirement that a provider or pharmacy obtain approval from the insurance carrier prior to delivering a medical service or dispensing a prescription. A PA can be triggered when a drug is non-formulary, has exceeded defined limits or falls outside client-specified rules.

Processor Control Number (PCN)

An identifier that is used to route pharmacy transactions to the correct PBM/client account. The PCN is PBM-specific and used by the pharmacy.

Protected Health Information (PHI)

Personally-identifiable health information such as medical condition, prescriptions, name, address, date of birth, social security number. Under HIPAA rules, this information must remain confidential.

Provider

The entity who is providing services for the patient. A prescriber can be considered a provider because they are providing treatment or a prescription for a patient. A pharmacy can also be considered a provider since they are providing the patient with the medication.



Q

Quantity

The specified measurement for a written prescription from the doctor. The quantity correlates to the days' supply.

Quantity Limit

A restriction on the amount of a drug that the plan will cover over a certain period of time.

R

Red Book

Database of pharmaceutical pricing information and clinical content.

See also "Medi-Span®"

Refill Too Soon

Pharmacies cannot process a transaction if less than defined percentage of the days' supply has passed. This limits the amount of medication a patient can have remaining before it can be refilled. Some exceptions include a change in dose or if the insurance adjuster has given prior approval.

Request for Authorization (RFA)

A physician can make a request for authorization to ensure that the appropriate payment will be made for a proposed medical treatment.

Reversal

If the pharmacy needs to reverse a medication but their system will not allow them, the PBM can typically do so with the pharmacy's approval.

Rx # (Prescription Number)

All prescriptions are assigned a prescription number, or Rx #, that is unique to the pharmacy that filled the medication and identifies the prescription.

S

Single Source Brand

Brand drug manufactured by only one company

Single Source Generic

Generic drug manufactured by only one company

Specialty Drugs

Drugs that are manufactured to treat specific chronic, complex or life-threatening conditions. These can include injectibles, infused formulations and oral dosages. Specialty drugs are often very high cost, sometimes higher than \$10,000 annually, and can be difficult to obtain.

Specialty Pharmacy

Pharmacies that provide specialty drugs directly to patients

State of Jurisdiction

The limits or territory within which authority may be exercised. This state is typically based on where the accident occurred.

See also "Jurisdiction"

State of Loss

The state in which the accident occurred

Statute of Limitations

Set by an individual state; determines how long an injured person has to file a claim and/or receive treatment for injury sustained

Step Therapy

Beginning a medication regimen with the most clinically sound and cost-effective drug therapy before "stepping up" to drugs that cost more. The purpose is to try to provide sound clinical care and to control costs and risks associated with prescription medications.

In general the plan will cover the more expensive drug(s) only after lower-priced options have been utilized and the expected benefits were not achieved.

T

Timely Filing

A deadline set to define how long a provider has to bill for services rendered. Once that time period has lapsed, the provider cannot bill the carrier or the patient. It is the provider's responsibility to request reimbursement on time. Can also apply to how long a person has to file a claim.

Varies by state

Third Party Administrator (TPA)

An organization that processes claims on behalf of a separate business entity. This can be viewed as "outsourcing" the administration of the claims processing, since the TPA is performing a task typically handled by insurance as a neutral third party. Often, a TPA handles the claims processing for an employer that self-insures its employees. Thus, the employer is acting as an insurance company and underwrites the risk. The risk of loss remains with the employer, and not with the TPA. An insurance company may also use a TPA to manage its claims processing, provider networks, utilization review, or membership functions. While some third party administrators may operate as units of insurance companies, they are often independent.

U

Usual and Customary Price (U&C)

The price an individual without prescription drug coverage would pay at a retail pharmacy, better known as the cash price.

W

Workers' Compensation

State-mandated insurance program that provides medical benefits and wage replacement to employees who suffer workplace-related injuries or illnesses. Each state has its own laws and regulations regarding coverage, benefits, fee schedules, etc.



About Mitchell ScriptAdvisor®

Integrated | Experienced | Exclusively P&C

Mitchell ScriptAdvisor® is the PBM solution that leverages technology and industry expertise to connect the ENTIRE claim. Mitchell's pharmacy benefit management solution was built exclusively for auto and workers' compensation payers. It delivers a holistic view to drive data-driven decisions that deliver better outcomes for you and your claimant.

Mitchell ScriptAdvisor® simplifies, manages, and supports pharmacy benefits as part of a solution set that looks across all aspects of the claim to effectively, efficiently, and successfully manage with integrated solutions including managed care and bill review. ScriptAdvisor provides you the visibility beyond an individual prescription to the wider spectrum of insights so you can make the decision that gets your claimant back to their lives faster.

For more information, please visit mitchell.com/scriptadvisor or contact us at 877.750.0244.

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