



# Auto Glossary of Terms

Mitchell Pharmacy Solutions



## Introduction

The auto casualty industry and pharmacy benefit management (PBM) related to auto casualty can be complex. Whether you are new to the industry or an industry expert, knowing these phrases can help you navigate the industry well. Learn more about industry phrases, such as deductible, no fault and MVA with our auto casualty glossary of terms. Also get insights into pharmacy-specific terms, from days' supply to injectables to prior authorization.

Improve your knowledge of auto casualty definitions with our auto casualty glossary. Looking for more information? Visit [www.mpower.mitchell.com](http://www.mpower.mitchell.com).



## A

### **Adjuster (Examiner)**

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

### **Ancillary**

Services provided to an injured person, including electro-therapy, home therapy, home medical, transportation and language, physical medicine and diagnostic imaging.

*See "Durable Medical Equipment"*

### **Application for Benefits**

Claimants fill out to explain what happened in the accident. This is how the claimant requests benefits from their insurance carrier.

*(AKA PIP App or No Fault App)*

### **Assignment of Benefits**

Regulations in some jurisdictions require the injured party to sign an "assignment of benefits" giving their medical provider the right to collect payment from the insurance provider for the services the patient received.

### **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

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### **Benefit Identification Number (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](#)<sup>®</sup>.

### **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

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### **Case Manager**

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

See "Nurse Case Manager"

### **Cash Price**

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

See "U&C"

## C

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### **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.

### **Coordination of Benefits (COB)**

Occurs when the patient elects to have their health insurance as the primary carrier for coverage; any portion unpaid by the health carrier will be paid by the secondary (auto) carrier.

### **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 of 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, which allows them to write prescriptions for controlled substances.

## **Deductible**

When a person is involved in an auto accident, they are required by their carrier to pay a deductible, or out-of-pocket expense. Deductible rates vary from policy to policy, but must be paid in full before the insurance carrier will cover additional costs related to physical or personal damages.

## **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.

## **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, 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 they will 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](#), then 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 like 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 accident an injured person is receiving treatment for. An IME can be requested by the insurance company to evaluate the health of an injured person.

### **Injectables**

Certain types of drugs that can only be administered through an injection. This can either be done 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**

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

## M

### **Maximum Allowable Cost (MAC)**

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

### **Medi-Span®**

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

See also *"Red Book"*

### **MedPay**

MedPay, short for Medical Pay is given to those who live in Tort states to cover their medical expenses in the event they are involved in an auto accident. This is not mandatory in Tort states; if selected on an auto policy, there is an additional cost on the auto insurance premium.

### **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)"*

### **MVA**

Stands for Motor Vehicle Accident



# 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 the pharmacy is in 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 drug, strength 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.

## **No Fault**

In no fault states, regardless of who is at fault, the primary insurance benefits the insured and the passengers in that vehicle. People injured in auto accidents cannot claim benefits from the other driver’s insurance.

No fault states are the same as PIP states.

## **Non-Formulary**

When a drug falls outside of the formulary. A prescription will pend until prior authorization is obtained from the insurance carrier.

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

## **Opioid**

Opioids are a type of narcotic that acts on opioid receptors in the brain. In auto 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 insurance company responsible for covering all medical expenses related to the 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.

## Personal Injury Protection (PIP)

Regardless of who is at fault for the accident, medical bills will be paid through PIP coverage, up to a specified limit. Injured people are entitled to this protection and using it will not affect premium rates. If the PIP limit is reached, then coverage has been exhausted and excess bills will not be covered by the auto insurance.

## 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. Out-of-pocket costs for claimants are typically lower at these pharmacies.

## 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 the defined percentage of the day 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 won't allow them, the PBM can typically do so with the pharmacy's approval.

### **Rx # (Prescription Number)**

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

## S

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### **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 in an auto accident.

### **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

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### **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.

### **Tort**

A civil wrong or injury caused by another person that leads to a civil legal liability

### **Tort States**

Tort states do not have PIP. The insured may elect to have MedPay, which would involve additional costs to their insurance premium.

### **Third Party Administrator (TPA)**

An organization that processes insurance claims for a separate entity. This can be viewed as "outsourcing" the administration of the claims processing, since the TPA is performing a task traditionally handled by the company providing the insurance. 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

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### **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.



## About Mitchell ScriptAdvisor®

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### 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](https://mitchell.com/scriptadvisor) or contact us at 877.750.0244.

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