



Drug Manufacturer Coupons & the Distribution of HRA Funds

In recent weeks we've identified an issue occurring at the pharmacy when a member uses a **drug manufacturer's coupon**. The use of these coupons **can** result in an **overpayment to the member**, and we want to be sure you understand the issue so you can guide your employees appropriately if this occurs.

In a previous communication, we identified **pharmacy cost-assistance programs** that help employees afford high-cost drugs. This assistance often involves the use of **drug coupons**.

With this form of assistance, the amount of the "coupon" **appears as a payment to the pharmacy and is credited to a member's deductible or out-of-pocket maximum.**

This claim data is shared with the HRA vendor, and, where reimbursement to employees is required, the vendor must do so according to the HRA plan design, even if the employees did not actually pay for some or all of a prescription's cost out of pocket because of the coupon.

Pharmacies do NOT share with BCBSVT when a coupon is used. Consequently, the HRA vendor as well will not know when a drug coupon is used in a pharmacy transaction. This will result in an HRA overpayment.

This issue is **not** vendor specific and can or will occur with any vendor.

Example:

Jill has a first-dollar contribution of \$800 before her HRA contributes to the payment of her care. Her pharmacy out-of-pocket maximum on her Gold CDHP family plan is \$2,700.

Jill has to pick up a prescription that costs \$2,500; she will be expected to pay the entire amount at the pharmacy. Eventually, she will be reimbursed \$1,700 from her school district's HRA for this purchase (\$2,500 deductible minus her \$800 obligation).

For this purchase, though, the pharmacist accepts a manufacturer's coupon, which reduces the cost of the drug to \$10. Jill then pays the \$10 for her prescription and the coupon covers the balance.

The claim comes from the pharmacy to BCBSVT as \$2,500; BCBSVT credits her deductible and out-of-pocket maximum the \$2,500. The claim is then passed to the HRA vendor, which reimburses Jane \$1,700 (again the cost of the drug, \$2,500, minus the \$800 she owes). But in this case, Jill only paid \$10 out of pocket.

Reconciling your HRA account after an overpayment involving a drug coupon

In this particular situation, the money an employee received from the HRA vendor must be returned to the vendor so it can be credited back to the employer's HRA fund.

So, if you have an employee who comes to you with this situation, please ask for the amount that was reimbursed to the employee be returned to the school district. The employee can simply hand over the vendor's check to you or make out a check to the school district for the reimbursement amount if it was sent by the HRA vendor via direct deposit.

Finally, on behalf of the school district, if you are funding an account controlled by the vendor, return the amount to your vendor with a note explaining why you are returning it. Or, if you are funding your own account, deposit the check and send a note with the details to your vendor explaining why the check was returned to you and deposited.

The above reconciliation process will leave a discrepancy between BCBSVT and the HRA vendor's out-of-pocket accumulators, which is an unavoidable complication.

This communication has been sent to School Business Officials, Human Resources and Health Members.

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