

**Testimony of Tim Hopkins, Vice President, Pharmaceutical Benefits  
Management Retail and Mail Service Operations, WellPoint, Inc.  
Before the House Energy and Commerce Committee  
Subcommittee on Health**

**Hearing on Examining the Federal Government's Partnership with America's  
Pharmacists**

**Introduction**

Chairman Deal, Representative Brown, and distinguished members of the Subcommittee, thank you for allowing me the opportunity to discuss WellPoint's perspective regarding the federal government's partnership with America's pharmacists and the Part D program.

I am Tim Hopkins, Vice President in charge of Retail and Mail Service Operations for the Pharmaceutical Benefits Management division of WellPoint, Inc. WellPoint is the largest publicly traded commercial health benefits company in terms of membership in the United States. WellPoint was formed on November 30, 2004 from the merger of Anthem Inc. and WellPoint Health Networks. WellPoint is an independent licensee of the Blue Cross Blue Shield Association and serves its members through Blue Cross and Blue Shield plans in fourteen states. WellPoint's UniCare brand serves members in all 50 states.

I am a licensed pharmacist and, prior to joining WellPoint, served as a practicing pharmacist with a national pharmacy chain. My background in pharmacy practice is diverse, with fifteen years experience in pharmacy benefits administration, retail chain pharmacy practice, independent community pharmacy practice, and hospital pharmacy services. At WellPoint, I am building on my experience by developing pharmacy products, programs and services that meet the needs of our beneficiaries. A key focus of mine over the last year has been the planning and application processes associated with the participation of WellPoint companies in the new Medicare Part D program. I played an integral role in developing the pharmacy provider network utilized by WellPoint Part D beneficiaries.

**WellPoint Participation in Part D Prescription Drug Benefit Program**

WellPoint has a long history of providing services to Medicare beneficiaries, including offering Medicare supplemental insurance and Medicare Advantage programs. We serve over 1.2 million beneficiaries in these programs across the country. Prior to the launch of Part D, we offered the interim prescription drug card. WellPoint currently offers the prescription drug benefit through our Medicare Advantage-Prescription Drug Plans (MA-PDs) in many parts of the country, including the newly available Regional Preferred Provider Organization (PPO) in three regions, as well as stand-alone Prescription Drug Plans (PDPs) in all 34 regions, encompassing the 50 states and the District of Columbia. WellPoint also administers the Facilitated Enrollment Program for CMS. To date, over 238,000 individuals have been served through this program, including 24,000 dual eligibles missed during the auto-enrollment process.

Our pharmacy network includes 56,437 pharmacies nationwide, representing 98% of available retail pharmacies. To date, we have dispensed over 18.5 million prescriptions for 1.4 million Part D enrolled members.

### **WellPoint Commitment to Part D Success**

WellPoint is committed to supporting the effective implementation of Part D. WellPoint's primary goal is to ensure that beneficiaries receive all the benefits of their health coverage, including access to prescription drugs, in a timely and beneficiary-friendly manner, and that pharmacies are paid promptly for the prescriptions they fill.

As all stakeholders work to continually improve the implementation of this program, we must all keep in mind the tremendous value of adding a comprehensive prescription drug benefit to the Medicare program. Millions of seniors will not only see cost savings, but true improvements in their quality of life. The mindset at WellPoint is to focus on enabling seniors and disabled beneficiaries to receive their prescriptions. The recent report that nearly 38 million now have prescription drug coverage is great news, but it is also a reminder that we must keep our full attention on resolving barriers to service. As Part D members begin using their new prescription drug coverage, the confusion in the marketplace is abating and a solid foundation for the Part D program is taking hold.

### **Part D Success Requires Collaboration and Communication**

The level of collaboration required between CMS, plans, pharmacies, and other stakeholders to make the Medicare Part D program operate successfully is unprecedented. Continuing to improve on the progress we've made requires maintaining this collective effort. A shared approach to problem solving is the essential ingredient for making this new program work for all beneficiaries. Stakeholders are stepping up to the plate and accepting mutual accountability for meeting the challenges and ensuring the success of the Part D program. When all parties are bound by a common interest in putting the beneficiary first, an environment is created that allows for constructive criticism and open dialogue, the result being timelier implementation of the steps needed to achieve a smooth transition, faster identification of new issues, and smarter problem resolution.

WellPoint realizes that Part D program success requires extensive communication between plans and pharmacies. To this effort, we have:

- Adopted an inclusive network development strategy to contract with a range of pharmacies, including independent and rural pharmacies, to increase pharmacy access to network advantages and to enhance beneficiary access to affordable prescription drugs.
- Enhanced outreach through constant communication with pharmacies through fax blasts, conference calls with independent pharmacy associations (e.g. National Association for Independent Pharmacies and other independent chain groups) and chain drug stores (e.g. National Association of Chain Drug Stores and smaller work groups formed from major chains).
- Engaged in active training through our PBM for pharmacists when they call in.
- Provided direct technical assistance to pharmacies and their vendors as necessary to address software issues.
- Agreed to the standardization efforts of AHIP, NACDS, and NCPA to address issues involving pharmacy claims transactions.

### **WellPoint Pharmacy Payment Policies**

WellPoint has made a strong commitment to promptly pay all Part D pharmacy claims and has a payment system that exceeds the industry standard. Although legacy Anthem and legacy WellPoint are currently paying on two separate claims systems, legacy

Anthem uses a weekly cutoff cycle and legacy WellPoint uses a biweekly cutoff cycle. Payment is received by the pharmacy within 7 to 10 days of the cutoff date. This means that if a pharmacy files a clean claim, the longest time that elapses between claim submission and payment receipt is 17 days for legacy Anthem and 25 days for legacy WellPoint. The claims submission and payment process is, in fact, little different for the Part D program than that used by pharmacies for commercial business. We make electronic payment and 835 claims reconciliation detail available to all pharmacies, which, in turn, enables them to receive payment and claims detail information more quickly. However, many independent pharmacies do not take advantage of this option. We stand ready to provide assistance to independent pharmacies interested in converting to an electronic payment system.

### **The Importance of the Standard Payment Cycle**

The industry standard is a 30-day cycle. Plans generally pay on a two-week cycle, and, depending on when a claim is processed in that cycle, it is paid between 15 and 30 days from the date of submission. This standard is consistent with the commercial sector, Medicare Parts A & B, mandates in 43 states, the federal employees' health plan, and the Community Pharmacy Association's own Part D plan. Along with the rest of the members of the Pharmaceutical Care Management Association (PCMA), WellPoint recently pledged to pay pharmacists for Medicare Part D pharmacy claims within 30 days of receipt of clean claims. This pledge signals WellPoint's continued commitment to fair and timely claims payments to America's pharmacists, who have provided tremendous assistance to seniors since the start of the Part D program.

Plans using standard pay cycles typically "batch" payments to pharmacies resulting in greater efficiency and cost savings that are then passed along to both the federal government and the beneficiary in the form of lower premiums. Arbitrary payment requirements, such as those proposed in legislation currently before Congress, will increase the likelihood of fraud by decreasing the breadth and depth of claims audits. These audits control costs and improve safety by flagging claims that have incorrect dosage, days supply, or higher than usual quantities. Reducing the 30-day cycle will ultimately result in higher costs for the federal government and beneficiaries.

### **Congress Intended for Part D Program to Operate Like Commercial Sector**

Congress entrusted the private sector to administer the Part D benefit in the same manner in which it has successfully administered drug benefits in the commercial sector: driving down costs, improving efficiency, and enhancing care and safety for beneficiaries. We recommend Congress stay consistent with this policy.

### **Conclusion**

The January 1<sup>st</sup> effective date for the launch of the Medicare Part D program brought with it a surge of business operations activity and customer service requests. Knowing that the program was complex, WellPoint did extensive advanced implementation planning and outreach with pharmacists as well as other stakeholders. Our hope was that we had anticipated and addressed the major barriers that might arise as seniors navigated the enrollment system and pharmacists attempted to fill prescriptions and receive payment. While it was not possible to foresee all the challenges that this enormous undertaking would pose, WellPoint is committed to being a part of the solution. We will continue to strive to get past the hurdles because the Medicare Part D prescription drug program is worth it.

Thank you for your time. I would be happy to answer any questions you may have.