



# Early action, better results

The benefits of proactive adjuster involvement  
in auto no-fault pharmacy claims

AJ Carrier, Vice President, Account Management, Auto No-Fault

Melissa Dillingham, Senior Account Manager, Auto No-Fault



White paper

Auto no-fault claims adjusters have a lot on their plates.

The management of auto injury claims is complex by nature. For each claim, adjusters must investigate many questions: who the policyholder is, who was driving the car and were they injured, were there any passengers and were they also injured, what state does the policyholder live in, what are the rules and regulations of that state regarding insurance policies – to name a few. And by the time the insurance company is notified of the claim, many claimants have already visited a hospital or other health care facility. Along with that health care, more often than not, the claimant needs prescription medications as part of their treatment.

To help auto no-fault carriers manage costs, pharmacy benefit management (PBM) programs use pharmacy networks and formularies that have been customized precisely for the types of injuries that result from auto accidents. Once eligibility information has been received for the claim and the claimant is in our system, adjusters have visibility – through the pharmacy claims portal – into pharmacy transaction activity as it happens. Optum facilitates a direct line of communication between the adjuster and the pharmacist, allowing each to ask questions and provide any additional information that may be needed to complete a transaction.

Regulations prohibiting managed care may discourage carriers and adjusters from being actively engaged in the adjudication process. But active involvement has very real benefits, both for claimants and carriers.

However, except for New Jersey (a managed care state), states subject to auto no-fault laws face regulations prohibiting managed care. Because of this, auto no-fault carriers may be nervous about adjuster involvement. This is based on concerns that active adjuster involvement in the adjudication process equates to managing care. On the other hand, if the carrier simply blocks a medication at the point of sale and refuses payment, the claimant can still obtain the medication using an alternative form of payment.

Since auto payers only pay for medications associated with an auto-related injury, retail pharmacists should be reviewing prescriptions for appropriateness, medical necessity, and to make sure they do not interact negatively with other medications the claimant is taking. Unfortunately, in practice this often does not happen. The pharmacy will likely fill the script using a third-party biller. Third-party billing companies partner with retail pharmacies to guarantee payment, eliminate bad debt and short pays, and improve cash flow through timely service to customers.

While this mitigates the burden for the pharmacies, it creates issues for payers in the form of an out-of-network bill at retail or fee schedule rates that may or may not have been authorized under the established PBM business rules for in-network transactions.

Once a prescription processes through a third-party biller, the adjuster will have to decide, retrospectively, if the medication should be covered or not, and whether the carrier will pay for it. The carrier may still be responsible for paying for the medication, but has lost the opportunity for potential savings, formulary improvements, network penetration, savings reporting, and in some cases, significant improvements to the claimant's recovery scenario through extension of treatment within the policy's coverage limits.



## Adjuster involvement: an illustration

When it comes to pharmacy transactions, all transactions are not equal. However, proactive involvement is key to reducing overall pharmacy costs, reducing adjuster workload throughout the life of the claim, and extending benefits for the claimant.

To understand how adjuster involvement can significantly affect outcomes for both the claimant and carrier, it helps to look at how different scenarios play out in a real-life situation.

### No PBM program in place; no opportunity for proactive adjuster involvement

In this scenario, Tim, a claimant, brings his prescription to the pharmacy. The carrier has no program in place to allow adjuster review at the point of sale. Tim fills the prescription at his expense and leaves the pharmacy with his medication.

When the adjuster receives the pharmacy bill from Tim, she reviews it retrospectively, along with the notes from Tim's provider, to determine whether the medication was medically necessary for the claim. She questions the non-formulary medication, which is expensive and has a generic equivalent. However, at this point in the process, the carrier must pay for it because no investigation or intervention was done before the transaction was processed. The carrier ends up paying for that fill at the full retail rate, along with all remaining fills of that medication throughout the life of the claim. (Once a prescription is paid for, it is exceedingly difficult – short of an Independent Medical Exam (IME) – to deny payment for future fills.)

Without a PBM program, the adjuster is forced to review each and every pharmacy transaction after the fact, without the tools and supporting information that the PBM program would provide. This creates a heavy workload for the adjuster; compounding that, the carrier may be overpaying for a significant percentage of claimant medications dispensed.

### **PBM program in place; no adjuster action needed**

This scenario represents the “happy path,” or ideal situation. The carrier has a PBM program in place, including an auto injury formulary. When Tim brings his prescription to the pharmacy, it is on the formulary. Consequently, it does not trigger a request for adjuster review and is automatically approved for payment.

Ten days later, the adjuster receives the bill from the PBM and pays for the medication at a discounted network rate. The PBM system has eliminated the need for the adjuster to review the medication for this fill, and future fills of the medication.

### **PBM program in place; adjuster proactively facilitates generic substitution**

In this case, when Tim provides his prescription to the pharmacy, the PBM system flags it as a non-formulary brand name medication, and suggests a generic equivalent. The adjuster contacts the provider, who agrees to the substitution.

Because the new medication is on the formulary, future fills follow the “happy path” and process through the system with no need for further adjuster review, saving precious time. In addition, the cost differential between the brand name and generic medication enables Tim to receive the medication for an additional three months within the expense limits of his policy.

### **PBM program in place; adjuster proactively makes a payment determination**

In this scenario, a non-formulary medication triggers a notification to the adjuster, but the system does not suggest a generic equivalent. After reviewing the provider notes, the adjuster determines the medication is necessary and approves payment at a discounted network rate. (In a separate instance, the adjuster might deny payment if she does not see a justification from the provider.)

Because she has already proactively made a payment determination, she may not need to review future bills for this particular medication. The PBM system provides the flexibility to manage how future bills are handled; for example, not approved, approved for a specified time frame, or passed through without review.

## Providing support for adjusters

It can be a hurdle at first to break down misconceptions that historically discouraged adjuster involvement. The Optum Pharmacy Care Services program eases this process by educating adjusters, supplying resource materials for adjusters and managers, and offering one-on-one support from experienced account managers and industry subject matter experts.

To help adjusters understand how they can help manage claimant medications, Optum provides training, resources for adjusters and managers, and one-on-one support and guidance.

Once there is a mutual understanding of the significant benefits that program stakeholders can gain from actively involved adjusters, the account team collaborates with the carrier to put simple and easy-to-follow processes and procedures in place, which support consistency and repeatability across the organization – strengthening organizational compliance and benefiting claimants. This empowers adjusters with the information they need to act and make decisions and helps not only seasoned adjusters, but adjusters who are new to the organization.

Instructional notifications from the adjuster portal, knowledgeable call center specialists, virtual support via online chat, and an Ask-a-Pharmacist program complement each other to provide extensive support for adjusters at all points during the claims adjudication process. The PBM system allows the adjuster to view the fill before it happens and supplies information they need to make the appropriate decision regarding whether to allow or deny payment. Once they make that determination, remaining bills are processed “straight-through.” By shifting from a retrospective review to a proactive review process, adjusters can significantly reduce their workload for a claim.

## Conclusion

Good auto no-fault PBM programs should deliver solutions that work together to extend benefits for policyholders, create a better claim management experience for claims professionals, and maximize program success for insurance carrier clients. They should also help adjusters understand the ways in which they can actively work to manage claimant medications, and the associated benefits.

Optum understands that no two organizations are the same. We collaborate directly with clients to customize program features, formularies, workflows, processes, and business rules – enabling them to meet the needs of their business and customers, and allowing them to make the program as non-restrictive or restrictive as they like. Optum account management works actively with the carrier management



team to fine-tune program features and training resources, and to drive toward continual process improvement by tracking savings and program trends.

By using the power of a customized PBM program to promote proactive adjuster engagement, Optum can help the carrier significantly reduce the burden on adjusters, improve turnaround times, lower costs, and extend claimant benefits.

## About the authors



**AJ Carrier** has almost 30 years of experience in the property and casualty insurance industry managing PBM relationships and the coordination of ancillary care. At Optum, AJ oversees the dedicated account managers who serve as the primary points of contact for auto no-fault clients. An experienced and energetic leader, AJ consults the account management team on an ongoing basis to implement, manage, and enhance Optum clients' auto PBM programs. He understands the critical issues and challenges auto clients face and offers outcome-based solutions to address those concerns.



**Melissa Dillingham** has almost 30 years of experience in the property and casualty insurance industry, with an emphasis on first-party auto processes and services. Her broad-ranging experience also includes pharmacy, ancillary, medical bill review, and PPO network services. At Optum, Melissa manages a key client base of auto carriers and third-party administrators. Melissa works with clients to understand their business goals and create streamlined processes and workflows that support those goals. She also focuses on building strong relationships within all levels of the client organization. Melissa is a graduate of UnitedHealth Group's Emerging Leaders Program.

## Related publications

["The Auto Payers' Checklist for Selecting a Pharmacy and Ancillary Program to Manage Claims,"](#) written in partnership with Risk & Insurance magazine.

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