

Lucy^{Rx}

Pharmacy Provider Manual

Lighting the Way for
Pharmacy Excellence





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Pharmacy Provider Manual 2025

Lighting the Way for Pharmacy Excellence

About LucyRx

LucyRx is a full-service Pharmacy Benefit Manager (PBM) committed to transparency, flexibility, and innovation. We illuminate the path to better pharmacy care by delivering accurate claims processing, cutting-edge technology, and direct access to our knowledgeable pharmacists and support team to address your questions and concerns. Our goal is to empower you to provide safe, efficient, and cost-effective care to your patients — shining a light on better outcomes every step of the way.

Purpose of This Manual

The Pharmacy Operations Manual (“Manual”) is designed to support your pharmacy staff when submitting claims and navigating the terms, conditions, procedures, and policies that guide our partnership. This Manual is incorporated into your Agreement and any applicable addendums or amendments (collectively, the “Agreement”). Participating network pharmacies are responsible for staying informed of updates to the Manual, as failure to comply with any provisions of the Agreement, including this Manual, may be considered a breach. The information provided in this Manual reflects the most current policies at the time of publication, but we’re constantly evolving to meet industry standards. As such, updates may be made as necessary and are subject to change without notice.

Real-Time Accuracy

The most current version of this Manual is always available on LucyRx.com. We may modify the Manual at our discretion, with changes communicated through fax or posted in the Provider section of the website. Online claims adjudication and messaging will always reflect the latest benefit updates. For continued participation, please review your most recent Agreement to ensure compliance with all network participation requirements.

Thank You for Working with LucyRx

We appreciate your partnership and your dedication to delivering exceptional care. Together, we’re making a difference — one prescription at a time.

Address: LucyRx
Attn: Provider Relations Department
7815 N. Palm Ave., Suite 400
Fresno, CA 93711

Website: lucyRx.com

General Inquiries: (877) 846-3397
Member Eligibility: (877) 860-8846
Network Participation: (877) 860-8846

Network Participation/Credentialing

Network Participation

Subject to the credentialing process, pharmacies become eligible to participate in the LucyRx network when a final Agreement is executed by both parties or when a pharmacy affiliates with a Pharmacy Services Administration Organization (“PSAO”) or Chain Pharmacy that is contracted with LucyRx. Please visit lucyrx.com or contact LucyRx Provider Relations to request a network agreement and to begin the credentialing process. LucyRx Provider Relations can be reached by:

- Calling (877) 860-8846
- Faxing your request to (240)-744-4111
- Emailing pharmacycontracts@lucyrx.com

Credentialing Requirements

LucyRx has a formal process for credentialing and re-credentialing all pharmacies that seek to participate in LucyRx’s Pharmacy Network. LucyRx’s credentialing process is conducted in accordance with URAC and CMS standards to ensure a consistent and equitable process for evaluating pharmacies. LucyRx’s credentialing process varies depending on the pharmacy type (e.g., independent, PSAO or chain) and the service type (e.g., retail, mail service, LTC, etc.).

All participating pharmacies must provide LucyRx with copies of the following documents:

1. Pharmacy License
2. Pharmacist In Charge License
3. DEA Certificate
4. Certificate of Insurance with proof of General and Professional Liability Insurance

After requesting an Agreement with LucyRx, the LucyRx credentialing team initiates the credentialing process, which must be completed before the pharmacy may participate in LucyRx’s network. Pharmacies must submit all credentialing supporting documentation to begin the credentialing process. A LucyRx credentialing representative is available to answer questions and provide general support through the credentialing process.

In general, LucyRx conducts the credentialing process by verifying (through the use of primary or secondary sources) the pharmacy’s current and historical facility state licensure information, Drug Enforcement Administration (DEA) registration or state controlled dangerous substance certificate, as applicable, and professional liability insurance coverage that meets LucyRx’s minimum required limits of \$1 million to \$3 million.

LucyRx collects and validates the same information for pharmacy chains. For chains, all pharmacy information may be submitted in electronic format on a spreadsheet. LucyRx accepts liability coverage at the chain level, provided that coverage includes all pharmacies within the chain.

Credentialing Application

The pharmacy applicant is required to complete, sign, and return the Pharmacy Credentialing documentation to the LucyRx Provider Relations/Credentialing Department.

Insurance

The pharmacy applicant must provide a copy of professional liability insurance coverage maintaining \$1 million per incident and \$3 million annual aggregate, unless a greater amount is required by law. In this case, the applicant shall demonstrate compliance with the legal requirement. The applicant must always maintain coverage in the amounts necessary to ensure coverage against any claims damages relating to or arising out of the services provided in relation to the Agreement.

Once credentialed and approved to participate in LucyRx's network, pharmacies must provide immediate notification, in writing, to LucyRx if the pharmacy's insurance is canceled, suspended, reduced below the minimum limits required by LucyRx, or otherwise terminated. In the event that a pharmacy fails to provide notification to LucyRx or fails to maintain the minimum coverage amounts, LucyRx may immediately terminate the pharmacy from its network.

DEA Number

LucyRx verifies that each applicant holds a valid, current, unencumbered Drug Enforcement Administration (DEA) registration certificate, if applicable. LucyRx requires each pharmacy to submit supporting documentation. DEA registration may also be verified via the NTIS DEA database in lieu of a hardcopy. A pharmacy must maintain good standing with DEA registration at all times.

Once credentialed and approved for network participation, the pharmacy must immediately notify

LucyRx, in writing, if the DEA registration is canceled, revoked, suspended, or otherwise terminated. In the event that a pharmacy fails to provide notification to LucyRx or fails to maintain the required DEA registration, LucyRx may immediately terminate the pharmacy from its network.

Licensure

The pharmacy must maintain in good standing with licensure at all times. Once the pharmacy is credentialed and approved to participate in LucyRx's network, the pharmacy must notify LucyRx immediately, in writing, if the pharmacy's licensure has been canceled, revoked, suspended, or has any other action taken against it. In the event that a pharmacy fails to provide notification to LucyRx or fails to maintain the required licensure, LucyRx may immediately terminate the pharmacy from its network.

Absence of Government Debarment

LucyRx verifies the absence of government debarment by performing an Office of Inspector General (OIG) review .

National Council for Prescription Drug Program (NCPDP) Requirements

All pharmacies must be able to transmit transactions electronically and in accordance with the standards established by the National Council for Prescription Drug Program (NCPDP).

Credentialing Appeal Rights

Pharmacies must meet a set of standards and criteria that is deemed satisfactory to LucyRx. In the event that these standards and or criteria are not met, LucyRx may deny a pharmacy applicant approved credentialing status and/or approval for participation in the pharmacy network. This notification is sent in writing to the pharmacy applicant within 30 days of the decision date.

If an applicant receives a non-approval/denial notice, the pharmacy has 10 calendar days from receipt of

the notice to appeal the decision in writing to LucyRx. The applicant will be notified of the appeal decision within 30 days of the receipt of the appeal.

Re-Credentialing

In order to ensure that network pharmacies continue to meet LucyRx's credentialing requirements, LucyRx requires its pharmacies to submit to a re-credentialing process. Re-credentialing occurs at a minimum 36-month cycle.

Updates to Information

Whenever there is a material change in the information submitted in the pharmacy credentialing documentation, the pharmacy is required to promptly notify LucyRx.

Pharmacy Professional Judgment

The relationship between LucyRx's network pharmacies and covered individuals is that of pharmacy provider and patient. LucyRx will not interfere with its network pharmacies professional services. Pharmacies are free to exercise their own judgment on all questions relating to the practice of pharmacy.

No Automatic Refills

Pharmacy agrees not to process or dispense automatic refills on Covered Prescriptions for Covered Individuals. Pharmacy will require Covered Individuals to request refills before any processing or dispensing of Covered Prescriptions.

Coupons

Pharmaceutical manufacturer copayment coupons are not to be utilized by Pharmacy for federal health programs. Non-compliance with this provision may result in remedies, including, but not limited to a corrective action, probation, or termination of the Agreement.

Non-Discrimination

LucyRx has a strict non-discrimination policy. As a condition of participating in LucyRx's network, pharmacies must not discriminate or differentiate against any covered individual as a result of his/her enrollment in a particular plan, or because of race, color, creed, national origin, ancestry, religion, sex, sexual orientation, marital status, age, disability, payment source, state of health, need for health services, or any other basis prohibited by law.

Addition to Network

Pharmacies will not be added to LucyRx's network until they have been properly credentialed. If LucyRx received notification from a PSAO/TPA of a new service relationship starting after the first of the month, the effective or start date will be the FIRST of the following month.

Termination or Suspension from Network

If LucyRx receives notification from a PSAO/TPA of a service relationship that is ending after the first of the month, the termination or end date will be effective at the END of that month. LucyRx reserves the right to suspend or terminate a network pharmacy for violations of the Agreement. If an appeals process is provided in your Agreement, you must file an appeal of the termination or suspension of your status as a network pharmacy within 30 days of the decision to suspend or terminate your pharmacy. Please contact LucyRx's Provider Relations Department via pharmacycontracts@lucyrx.com, if you have any questions regarding the suspension or termination of your agreement.

Advertising/Marketing to Covered Individuals

Participating pharmacies must comply with all applicable laws and regulations when marketing to or soliciting covered individuals.

Non-Solicitation

Pharmacy will not advise, counsel, encourage or solicit any Payor in any way that may alter LucyRx's relationship with such Payor, as determined by LucyRx. Such restrictions include but are not limited to a pharmacy attempting to get a Payor to end its relationship with LucyRx, or disclosing contractual terms, including pricing, with a Payor.

Pharmacy will not advise, counsel, encourage or solicit any members with plans utilizing LucyRx for any reason.

Any such violation within this section will be considered a material breach of the Agreement and Pharmacy will be responsible for paying all damages, fines, penalties, lost revenues or the like, as determined by LucyRx.

Confidentiality Requirements

All information related to prescription drug benefits and other records identifying eligible persons shall be treated as confidential and proprietary. The pharmacy agrees never to use eligible persons' information for competitive purposes, or to provide such information to others for pecuniary gain. Further, this information

shall not be given to any third party, unless required by law, or may be permitted by the payor or LucyRx in writing.

All materials relating to pricing, contracts, programs, services, business practices, and procedures of LucyRx are proprietary and confidential. The pharmacy must maintain this confidence upon termination of the Agreement. All information contained in the claims system or that was obtained by or through the administration and processing of claims is the property of LucyRx. The pharmacy must promptly notify LucyRx if it becomes aware of any use of confidential information or data that is not authorized by LucyRx.

Please refer to your Agreement with LucyRx for specific confidentiality requirements, including HIPAA requirements and requirements regarding LucyRx's confidential and proprietary information. If you have questions please contact the LucyRx Provider Relations Team at pharmacycontracts@lucyrx.com.

Site Visits

LucyRx assesses the quality and safety of health care provided to members that includes, at a minimum, systematic collection, analysis, and reporting of relevant data in accordance with company, state, and federal guidelines. LucyRx reserves the right to conduct a site visit when it deems necessary. In general, LucyRx may conduct a site visit for any of the following reasons:

- A covered individual's complaint/grievance is received about the quality of a pharmacy
- A covered individual's satisfaction indicates that a pharmacy does not meet LucyRx's standards
- Data is required for quality improvement purposes and cannot be reasonably collected using other methods
- Onsite auditing
- Other circumstances as deemed necessary by LucyRx

When LucyRx performs a site review for purposes other than auditing*, it will evaluate the following criteria and practices:

1. **Physical Accessibility** – The building must be ADA-compliant, easily entered into, and all space within must be accessible to all members
2. **Physical Appearance** – The building must be clean, safe, and offer adequate lighting
3. **Adequacy of HIPAA Compliance/Record Retention** – Pharmacy staff must demonstrate knowledge of HIPAA requirements and maintain store policies and procedures regarding physical/electronic records (e.g., patient signature logs)
4. **Adequacy of Medication Safety and Storage** – The pharmacy must demonstrate compliance with all federal and state laws relating to drug storage, labeling, destruction, and automatic dispensing requirements

*For more information on onsite auditing, see the Auditing section of this Manual.

Pharmacy Notifications/Communications

LucyRx provides notification and communications to its network pharmacies regarding updates to procedures, payor sheets, Pharmacy Operations Manual, etc. via the LucyRx website at [Lucyrx.com/provider-resources/](https://lucyrx.com/provider-resources/).

Pharmacies are required to update their information directly with NCPDP. Maintaining information about your pharmacy is vital to proper reimbursement by LucyRx. The Quick Reference Sheet provided by NCPDP for instructions on updating your pharmacy information can be found at <https://accessonline.ncdp.org/>.

Pharmacy Complaint Process

All pharmacy complaints must be submitted in writing to LucyRx. The following information must be included as part of the complaint:

1. Reason for the complaint and factual documentation to support the complaint
2. Contact name, address, and telephone number of the pharmacy
3. Prescription number
4. Prescription reimbursement amount for the disputed claim(s) (if applicable)
5. Disputed prescription claim payment date(s) (if applicable)

The LucyRx Provider Relations team is responsible for working towards a resolution of your complaint. To file a complaint, please send it to LucyRx Provider Relations Team. Provider Relations can be reached by calling (877) 860-8846, faxing your request to (240)-744-4111, or emailing pharmacycontracts@lucyrx.com

Claims Submission and Payment Process

Claims Submission Overview

LucyRx's claims processing system is available to pharmacies 24 hours per day, 365 days per year. LucyRx conducts routine maintenance and utilizes reasonable efforts to perform the maintenance during non-peak hours. All claims should be submitted electronically to LucyRx via the electronic claims system in NCPDP format (the then most current version) or in such other manner and format as directed by LucyRx. Please check your Agreement to determine when you are permitted to submit a paper claim. Failure to comply with LucyRx's requirements may result in the rejection of claims and may subject the pharmacy to recoupments or termination.

Member Eligibility

Network pharmacies must verify eligibility of a member prior to dispensing any pharmaceuticals or performing other services. Any questions regarding member eligibility should be directed to LucyRx Customer Service (toll-free) at 877-860-8846.

Member Identification Card

LucyRx members are provided an identification card when they begin eligibility. Members are instructed to present their ID card when obtaining a prescription from a network pharmacy. When submitting a claim for services, it is important that you ask to see the member's ID card and verify the name of the member. If no ID card is presented and eligibility for which the prescription is written cannot be confirmed through the Point of Service (POS) System or through LucyRx's Customer Services department, then the patient should be notified and the pharmacy may apply its standard operating procedure.

POS System

- **POS System:** The online or real time (point-of-sale) telecommunication system used to communicate information regarding covered drugs, eligible members, claims, drug utilization, copays, and/or other amounts to be collected from an eligible member by the pharmacy and the amounts payable to the pharmacy
- **Pharmacy Vendor and POS System:** Point-of-sale claims can be submitted to LucyRx through a pharmacy computer system or POS System. Please contact your pharmacy system or POS System vendor if you have any questions about how to submit claims.
- **Phone Number:** Please contact your software or communication network vendor to obtain the phone number that allows you to access the switch and submit claims.

- **Claims Submission:** LucyRx identifies whether a claim has been accepted or rejected. If the claim is accepted, LucyRx identifies the amount paid and the copay to collect from the member. When necessary and appropriate, LucyRx provides additional messaging (e.g., quantity limitations exceeded). If the claim is rejected, LucyRx identifies the reason(s) via POS System messaging.
- **BIN Number and PCN:** When submitting claims through a POS System, you are required to submit a BIN number and PCN. These numbers must be submitted with every claim. If you are having difficulty inputting these numbers, please contact your system vendor for assistance. For current BIN/PCN information, please visit <https://lucyrx.com/provider-resources/> and see the LucyRx Payor Sheet.
- **Reversals:** If you need to resubmit a claim previously accepted through the POS System, you must first submit a reversal within the approved timeframes or as outlined in your Agreement. Pharmacies must also submit a reversal when a member fails to pick up a filled prescription within 10 days. Please refer to your system documentation or vendor for information about submitting reversals
- **Troubleshooting:** If your pharmacy system or POS System is unable to make a connection with the switch, contact your communication network vendor or switch vendor. If you have any questions regarding a rejected claim or reimbursement, please contact the LucyRx Pharmacy Claims department at (877) 860-8846. Please have your NCPDP number and other relevant claims processing information available.

Payor Sheet

LucyRx publishes its current payor sheet on its website at lucyrx.com. Please refer to this document if you are experiencing difficulty with point-of-sale transmissions. Please contact LucyRx at info@lucyrx.com if you have questions about which payor sheet applies.

Pricing Changes

As provided in your Agreement, each submitted claim is priced using the specific guidelines established by the plan sponsor based on pricing files received by LucyRx from First DataBank or Medispan, as updated not less frequently than every seven days. If LucyRx changes its price source from First DataBank or Medispan to another nationally recognized price source, LucyRx will notify pharmacies of the new price source within 30 days prior to implementation of the new price source.

Compounds

A compound prescription contains two or more ingredients, in which at least one of the ingredients is a federal legend drug and the compound being made is not available commercially. When submitting a compound claim to LucyRx:

- Identify the claim as a compound utilizing the appropriate compound indicator per the NCPDP D.0 compound code field

- Each product or drug in the compound is required to have a valid NDC
- The pharmacy may submit the NCPDP D.0 Compound Segment to support multiple ingredients
- Medications requiring reconstitution prior to dispensing (e.g., powdered oral antibiotics, etc.) are not recognized as compounded medications

Reversals

Prescriptions not dispensed to the member, or the member's authorized representative, within 10 calendar days must be reversed by the pharmacy at point-of-sale. Failure to abide by this practice may result in chargebacks, additional financial penalties, or removal from the network.

DAW (Dispense As Written) Codes

LucyRx recognizes the Standard NCPDP D.0 Codes:

- 0** = No product selection indicated
- 1** = Substitution not allowed by prescriber
- 2** = Substitution allowed – patient requested branded product dispensed
- 3** = Substitution allowed – pharmacist selected branded product dispensed
- 4** = Substitution allowed – generic drug not in stock
- 5** = Substitution allowed – brand drug dispensed as a generic
- 6** = Override
- 7** = Substitution not allowed – brand drug mandated by law
- 8** = Substitution allowed – generic drug not available in marketplace
- 9** = Other

Drug Search

LucyRx has a Formulary Drug Search tool on its website. The Formulary Drug Search allows prescribers and members to search and view formulary coverage information for LucyRx supported health plans. This tool helps you quickly identify what drugs are covered under a member's health plan. You can access the Formulary Drug Search by visiting lucyrx.com and selecting Formulary Lookup on the Members tab.

Taxes

If any taxes, assessments, and/or similar fees are imposed on the pharmacy by a governmental authority, the pharmacy may request reimbursement from an eligible person. The pharmacy must transmit the applicable tax amount allowed by law through the Online Claim System. In no event does this give any additional or different rights than those allowed by law. In no event shall LucyRx be liable for any such taxes, assessments, and/or similar fees or the determination of the amount of such taxes, assessments, and/or similar fees. The pharmacy shall assume the responsibility of making and shall make timely payments to the appropriate taxing authorities of the amount of any taxes received.

Paper Claims

Each individual claim is processed as received by the claims processor. To inquire about the status an adjudicated claim please email 835support@lucyrx.com.

Claim Status Process

Payment information for adjudicated claims will be listed in the remittance advice. To inquire about the status an adjudicated claim please email 835support@lucyrx.com.

Payment Cycles

Payments are sent to the pharmacies based on payment terms found in the Agreement. All payments are sent via mailed check or sent electronically contingent upon LucyRx's receipt of ACH form.

Check Reissuance Process

Pharmacy paper checks are issued to the pharmacy mailing address registered with NCPDP. The cancelation of an issued check and reissuance of a replacement check is subject to a \$15 per check fee (subject to change). Pharmacies may request a reissuance by emailing accounts-payable@lucyrx.com. When emailing, pharmacies should include NCPDP number, NPI number, Rx number and date of service of the claim. Pharmacies are responsible with updating their mailing address with NCPDP of any address change. Pharmacies are subject to a \$5 processing fee per check if pharmacy is requesting the replacement check to be issued to any address other than what is registered with NCPDP. A check must be outstanding for 30 days from the issue date before a reissuance request will be processed. Please allow up to two to three weeks for the original check to be cancelled and reissued.

Remittance Advice

For each check, LucyRx provides remittance advice. Unless otherwise arranged with LucyRx, these reports are provided in printed paper format and are mailed to the pharmacies.

Remittance Information Service Fees

There are two types of remittance advice formats – paper remittance advice and electronic remittance advice (ERA). Pharmacy paper remittance advice are issued to the pharmacy mailing address registered with NCPDP. Each paper check/Electronic Funds Transfer (EFT) will have one paper remittance advice/ERA. Pharmacies are responsible with updating their mailing address with NCPDP of any address change. The pharmacy will receive a copy of the requested remittance advice in the format of the original issued remittance advice. Please allow up 45 days for the request to be completed.

Electronic 835 remittance files are available upon the completion of the LucyRx EFT/ERA Enrollment Form. Please contact achsupport@lucyrx.com for a copy of the EFT/ERA enrollment form.

MAC Pricing Inquiries

LucyRx offers participating pharmacies a way to check if drugs are priced correctly. Use the online Pharmacy Pricing Inquiry form to request a pricing review. To use the Pharmacy Pricing Inquiry:

1. Visit lucyrx.com
2. Select Providers on the home page
3. Select MAC Appeals to access the inquiry form
4. Complete the form and submit your inquiry

Please allow 10 business days for a decision to be made on the MAC pricing inquiries. Please send all MAC related inquiries via email at lucyrxcompliance@lucyrx.com. Pricing inquiries must be submitted for review within 60 days of the prescription claims date of submission.

Coordination of Benefits

Pharmacy must promptly notify LucyRx after it receives information relating to members who have claims with Coordination of Benefits (COB). COB is handled through LucyRx system. Please reference the payor sheet for details on submitting claims and messaging in relation to COB.

LucyRx provides an appropriate Transition Process for new members prescribed drugs that are not on the LucyRx formulary. The Transition Process applies to both non-formulary drugs and drugs that are on the LucyRx formulary with Utilization Management restrictions. LucyRx ensures that members who have used a Transition benefit are provided with the appropriate assistance and information necessary to enable them to better understand the Transition Process. Subsequent to providing a Transition fill of a medication, LucyRx works with both the member and the member's prescriber to support the transition to a formulary alternative or assist the member in pursuing the necessary Prior Authorization/Formulary Exception. For more information regarding the Transition Process, please contact LucyRx Customer Service.

Claims Appeals

In the event that a pharmacy has an issue with the payment or accuracy of a claim, it must promptly notify LucyRx, but in no event later than 60 days after the date that payment was due. The pharmacy must submit sufficient documentation to LucyRx to request an adjustment that clearly identifies that a claim was incorrectly paid. Please send the documentation to LucyRx Provider Relations. Questions relating to payment adjustments should be sent via email to 835support@lucyrx.com. For claim accuracy questions please contact info@lucyrx.com.

Electronic Fund Transfers and Electronic Remittance Advices

Electronic fund transfers (EFT) and electronic remittance advices (ERA) are payment solutions that involve directly exchanging funds between two bank accounts. Benefits of EFT/ERA include:

- Improved efficiency
- Increased visibility and control

LucyRx encourages all in-network pharmacies to enroll in EFT/ERA. All pharmacies receive an EFT Enrollment Form when they request an Agreement.

Complete the EFT Enrollment Form and return it and any attachments to LucyRx by:

- Emailing to achsupport@lucyrx.com
- Mailing to:
LucyRx
Attn: ACH Support
7815 N. Palm Ave. Suite 400
Fresno, CA 93711

- Enrollments are processed within two weeks of receipt. Please keep a copy of the completed and signed enrollment form for your records. Please contact Provider Relations with any questions at (877) 860-8846 or email achsupport@lucyrx.com.

Clinical Programs/Drug Utilization Review

DUR (Drug Utilization Review)

LucyRx may contract with clients to provide concurrent and retrospective Drug Utilization Review (“DUR”). If LucyRx engages in concurrent DUR, network pharmacies must review DUR messages as they are received via the online claims adjudication system and use professional judgment as to whether action is required.

Generic Substitution

LucyRx expects its network pharmacies to promote the utilization of generics. LucyRx and its clients may utilize mandatory generic programs. In the event of a mandatory generic program is implemented, unless prohibited by law, LucyRx expects its network pharmacies to maintain an adequate supply of generic drugs.

Utilization Review

LucyRx and its clients may implement utilization management criteria such as prior authorization criteria, quantity limits, and other formulary restrictions. Please contact LucyRx at 877-860-8846 for questions relating to these programs.

Formulary Changes

Please refer to your Pharmacy Network Agreement with LucyRx for specific requirements regarding compliance with LucyRx or a plan sponsor’s formulary and related Integrated Prescription Management programs. For information regarding formulary changes, including but not limited to removal of a covered drug from a formulary or changes to the preferred or tiered cost-sharing status of a covered drug, please visit LucyRx’s website or contact LucyRx’s Customer Service for the most up-to-date information. LucyRx may immediately remove a drug from its formulary if it is deemed unsafe by the Food and Drug Administration (FDA) or removed from the market by the manufacturer.

Compliance Program Requirements

Fraud, Waste and Abuse Overview

LucyRx has a comprehensive fraud, waste, and abuse (FWA) program in place that is designed to promote a high degree of integrity within its organization and among its contracted pharmacies. LucyRx's FWA program is designed to protect against unlawful and unethical activities. LucyRx holds its internal staff and its contractors, including your pharmacy, to high ethical and moral standards.

Both Participating Pharmacies and LucyRx have an obligation to help protect and maintain the integrity of the health care system by promptly reporting suspicious activity.

Participating Pharmacies are expected to exercise due diligence to ensure prescriptions are valid. For example, upon receipt of a prescription order that appears potentially altered or forged, contact the Prescriber to validate the prescription. Remain mindful of and promptly report potential fraud, waste or abuse.

Prescription Medication Fraud, Waste and Abuse

The following are the official 42 CFR §455.2 definitions of Fraud, Waste, and Abuse:

“Fraud” means an intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to himself or some other person. It includes any act that constitutes fraud under applicable Federal or State law.

“Waste” involves the taxpayers not receiving reasonable value for money in connection with any government funded activities due to an inappropriate act or omission by players with control over or access to government resources (e.g. executive, judicial or legislative branch employees, grantees or other recipients). Waste goes beyond fraud and abuse and most waste does not involve a violation of law. Waste relates primarily to mismanagement, inappropriate actions and inadequate oversight.

“Abuse” means provider practices that are inconsistent with sound fiscal, business, or medical practices, and result in an unnecessary cost to the health program, or in reimbursement for services that are not medically necessary or that fail to meet professionally recognized standards for health care. It also includes recipient practices that result in unnecessary cost to the health program.

Here are some examples of Fraud, Waste, and Abuse:

- Pharmacies billing for services not provided
- Pharmacies billing for the same services more than once (i.e., double billing)
- Pharmacies and providers performing inappropriate or unnecessary services
- The misuse of an identification card to receive pharmacy services
- Unlawful altering of a prescription written by a physician
- Making false statements to receive pharmacy services

LucyRx uses trained auditors who specialize in claims auditing and works closely with network pharmacies to prevent claim related errors prior to occurrence. LucyRx relies on a mutual method that emphasizes the importance of training in proper claims submission procedures, thus resulting in early detection of errors before pharmacies receive payment. LucyRx monitors claims and produces medications claims reports to ensure there are no patterns of potential fraud, waste, and abuse. Claims that were adjudicated are reviewed to identify excessive quantities, incorrect dosages, and high ingredient costs. LucyRx monitors its pharmacies to ensure that claims are processed and paid according to the pharmacy contract agreements.

If a pharmacy is identified as participating in a fraudulent event, LucyRx conducts a desk and/or onsite audit. LucyRx may conduct desk and/or onsite audits of all network pharmacies including Long-Term Care pharmacies, home infusion pharmacies, and specialty pharmacies. The onsite audit process includes a detailed review of claims and quality assurance documentation performed onsite at the network pharmacy locations. Onsite audits are performed when an in-depth claims examination is warranted. Onsite audits are usually performed with a minimum two week notice to the pharmacy. Unannounced visits are performed when necessary, using the auditor's professional judgment. The process requires obtaining a detailed report of all claims filled at the selected pharmacy. The auditor then reviews and sorts the file to select appropriate claims for onsite testing. The auditor makes all attempts to identify the claims selected for review prior to arrival in order to enable an efficient process.

LucyRx conducts investigative audits to ensure the integrity of paid claims. The investigative audits include but are not limited to the following:

- Analysis of Usual and Customary claims submissions
- Extremely high and low claims submissions
- Late night claims submissions
- Targeted rejection codes
- Handling reversal of claims not received by the member
- Member signature logs
- Analysis of unusual billing patterns, such as package size irregularities and extremely expensive products
- In-depth trending analyses targeting unusual month-to-month and day-to-day variations in claim volumes and cost

How to Report Potential Fraud, Abuse or Suspicious Activity

If you suspect fraud, abuse or suspicious activity has occurred, is occurring, or will occur, please report it immediately to LucyRx by:

LucyRx Hotline: (559) 312-2808 (for all Compliance or Privacy concerns)

To remain anonymous, dial *67 before you dial the number.

Or email at privacy@lucyrx.com or compliance@lucyrx.com

When reporting suspected fraud, please remember to include the names of all applicable parties involved. Specify which person you believe is committing the fraud, identify the dates of service or issues in question, and describe in detail why you believe a fraudulent act may have occurred. If possible, please include your name and telephone number so we may contact you if there are any questions during the investigation. All reports are treated as confidential and will be investigated as appropriate, including applicable referral to law enforcement and regulatory bodies. Reports may be made anonymously.

Please contact LucyRx's Fraud, Waste and Abuse Department (see Compliance section) with any concerns, including:

- **Misrepresentation of status** – A Covered Person or other individual misrepresents personal information, such as identity, eligibility, or medical condition in order to illegally receive a drug benefit; or an individual who no longer has prescription drug coverage attempts to use his/her identity card to obtain prescriptions.
- **Identity theft** – An individual uses another person's Medicare or health insurance card to obtain prescriptions.
- **Illegal resale of drugs** – A Covered Person falsely reports loss or theft of drugs or feigns illness to obtain drugs for illegal resale.
- **Prescriber shopping** – A Covered Person consults a number of Prescribers for the purpose of inappropriately obtaining multiple prescriptions for narcotic painkillers or other drugs.
- **Script mills** – A Prescriber writes prescriptions for drugs that are not medically necessary, often in mass quantities, and often for Covered Persons that are not the Prescriber's patients. These scripts are usually written, but not always, for drugs found on a schedule of controlled substances for illegal sale, and might include improper payments to the Prescriber.
- **Theft of Prescriber's DEA number or prescription pad** – Prescription pads and/or DEA numbers stolen from Prescribers which are used to write prescriptions, often for controlled substances or other medications which typically are either abused or sold on the black market.
- **Inappropriate billing practices** – Inappropriate billing practices occur when pharmacies engage in billing practices which include, but are not limited to:
 - Incorrect billing for secondary payors to receive increased reimbursement
 - Billing for non-existent prescriptions
 - Billing multiple payors for the same prescriptions, except as required for coordination of benefits transactions
 - Billing for brand drugs when generic drugs are dispensed
 - Billing for non-covered prescriptions as covered items
 - Billing for prescriptions that are never picked up (i.e., not reversing claims that are processed when prescriptions are filled but never picked up)

- Billing based on “gang visits,” e.g., a pharmacist visits a Long-Term Care Facility and bills for numerous pharmaceutical prescriptions without furnishing prescriptions to the Covered Person
 - Inappropriate use of product selection codes (PSC)
 - Billing an NDC not used to dispense the prescription
 - Billing an NDC or drug that was never ordered
 - Billing an incorrect dosage form. (i.e., billing for tablet when powder is used to dispense the prescription)
 - Prescription splitting to receive additional dispensing fees
 - Drug diversion
- **Prescription drug shorting** – A pharmacy provides less than the prescribed quantity and intentionally does not inform the Covered Person or make arrangements to provide the balance but bills for the fully prescribed amount.
 - **Bait and switch pricing** – A pharmacy leads a Covered Person to believe that a drug will cost one price, but at the point of sale, the Covered Person is charged a higher amount.
 - **Prescription forging or altering** – Existing prescriptions are altered by a Covered Person without the Prescriber’s permission to increase the quantity or number of refills.
 - **Dispensing expired or adulterated prescription drugs** – Pharmacies dispense drugs that are expired or have not been stored or handled according to the manufacturer or FDA requirements.
 - **Prescription refill errors** – A pharmacy provides a higher number of refills than what was prescribed by the Prescriber.
 - **Illegal remuneration schemes (kickbacks)** – A pharmacy is offered, solicits, or receives unlawful remuneration which results in inducement or reward for switching Covered Persons to different drugs, influencing Prescribers to prescribe different drugs, or steering Covered Persons to plans.
 - **TrOOP manipulation** – Manipulation of true out-of-pocket (TrOOP) costs by the pharmacy to either push a Covered Person through the coverage gap so that the Covered Person can reach catastrophic coverage before they are eligible, or to keep a Covered Person in the coverage gap so that catastrophic coverage is never realized.
 - **Failure to offer negotiated prices** – A pharmacy’s failure to offer a Covered Person the negotiated price of a drug available to the member through his or her benefit plan.

HIPAA Compliance

LucyRx expects its network pharmacies to maintain compliance with all applicable requirements of the Health Insurance Portability and Accountability Act (“HIPAA”) as amended. Network pharmacies must continuously update their policies, protocols, and security systems to ensure compliance with HIPAA standards and regulations.

Regulatory Requirements

LucyRx requires its network pharmacies to comply with all applicable laws, regulations, and rules. There are state and federal mandates that may apply to covered individuals depending on their enrollment in different plans. Such requirements are set forth in the Regulatory Requirements Manual.

Compliance with Laws and Regulations

Pharmacies must comply with the terms of their Agreement with LucyRx, as well as all applicable laws, rules, and regulations, including, without limitation:

- The Social Security Act
- 42 CFR Parts 400-423
- CMS instructions and the federal anti-kickback statute
- 42 USC §1320a-7b(b)
- Health Insurance Portability and Accountability Act of 1996

Any of these may be amended from time to time. The pharmacy represents that neither it nor any of its owners, directors, officers, employees, or contractors are subject to sanction under the Medicare/Medicaid program or debarment, suspension, exclusion under any other federal or state agency or program, or otherwise are prohibited from providing services to Medicare or Medicaid beneficiaries. The pharmacy must notify LucyRx immediately of any change in such status. Any breach of the requirements and representations set forth in this paragraph is grounds for immediate termination by LucyRx of the Pharmacy Network Agreement.

Retention of Records

Records are required to be maintained and accessible for:

- 10 years following each year of the term in which the pharmacy provides services under the Agreement or longer as mandated by Centers for Medicare & Medicaid (CMS), for Medicare Part D. Pharmacies must maintain prescription records in their original format for the greater of:
 - Three years
 - The period required by state law
- After such time period, these prescription records may be transferred to electronic format that replicates the original prescription for the remaining seven years of the 10-year records retention requirement.
- Six years for the Medicare Drug Discount Card
- Five years or per applicable federal or state law, whichever is longer, for any other LucyRx business records.

Please refer to your Agreement with LucyRx and applicable state and federal law for specific record retention requirements.

Subcontractors

In performing your duties and obligations under the Agreement, you may, subject to the credentialing and re-credentialing requirements described in the Agreement, employ your own employees and agents or to utilize the services of persons, firms, and other entities by means of sub-contractual relationships; provided, however, that no subcontract relieves you of your obligations under the Agreement.

Pharmacy Audit Program

Overview

Auditing is a critical component of responsible pharmacy benefit management. LucyRx manages a robust program to detect inaccurate payments, drug waste and fraudulent claims or other benefit coverage abuses. As part of this program, LucyRx regularly samples and audits claims submitted by pharmacies in our networks.

LucyRx conducts pre-payment claims reviews as well as desktop and on-site audits to monitor compliance with state and federal regulations, LucyRx Agreements and this Manual. Audits verify the integrity of claims submitted to LucyRx and payments made to the Participating Pharmacy. They also confirm the accuracy of claim information submitted to identify instances of potential fraud, waste and abuse.

Audits comply with federal and state laws to ensure privacy and confidentiality of all patient records. Audits also comply with Health Insurance Portability and Accountability Act (HIPAA) guidelines related to disclosure for treatment, payment or health care operations.

Audit findings may result in payment recoveries, claim adjustment, corrective action plans and/or contract terminations.

LucyRx or its delegate has the right to inspect, review, audit, and obtain copies of the pharmacy's prescription files, signature logs, and records. Claims submitted by the pharmacy and adjudicated by LucyRx are subject to desktop and/or an onsite audit. Incorrectly submitted and adjudicated pharmacy claims may result in an adjustment. LucyRx may recover overpayments identified through the audit by the following methods:

- Reversing and submitting claims reflecting the overpayment
- Adjustment against future payment(s)
- Billing or invoicing for amount(s) due
- Using collection services

Also, LucyRx has the right to charge reasonable penalties and fees to cover additional costs associated with the pharmacy's unpaid audit responsibilities. The pharmacy must pay these charges within 15 days of receipt of invoice. The pharmacy's refusal or failure to submit to or comply with LucyRx's audit process results in the total charge back of paid claims. Additionally, failure to comply with the LucyRx audit process may result in suspension of payment and possible termination from the network. Notwithstanding anything in this section, LucyRx's audit procedures shall conform to and remain compliant with applicable state law requirements.

Audit Notification

Desktop audit requests are sent via U.S. mail, fax, and/or electronic mail, or via a centralized and designated pharmacy chain contact. Onsite audit notification shall be distributed pursuant to the desktop audit request distribution and shall allow for an approximate two- week advance notice of the on-site visit.

Notwithstanding anything in this section, LucyRx's audit procedures shall conform to and remain compliant with applicable state law requirements.

Results and Appeals

LucyRx or its delegate furnishes the pharmacy with the results of audit findings. The pharmacy has time set forth in the audit findings notice to appeal audit discrepancies. During the appeal period, the pharmacy may provide documentation to support or justify the identified discrepant audited claims. Requests for pharmacy audit appeals are reviewed according to LucyRx's audit guidelines and the provisions contained within the Agreement. False or fabricated documentation results in charge backs and the possible suspension of payment and/or removal from the network. Notwithstanding anything in this section, LucyRx's audit procedures shall conform to and remain compliant with applicable state law requirements.

Compliance Contact Information

If you have a compliance concern or suspect or have knowledge of fraud, waste or abuse, please report the issue using the email or telephone numbers below.

To report a Privacy or Compliance Concern:

LucyRx Hotline: (559) 312-2808 (for all Compliance or Privacy concerns)

To remain anonymous, dial *67 before you dial the number.

Or email at privacy@lucyrx.com or compliance@lucyrx.com

Confidentiality and Proprietary Rights

Confidentiality

Any information (including, but not limited to, products, programs, services, business practices, procedures,

MAC lists or other information acquired from the contents of the Agreement, Provider Manual or other LucyRx documents) or data obtained from, or provided by, LucyRx or any Benefit Sponsor to the Participating Pharmacy is highly confidential. The Participating Pharmacy shall not sell, assign, transfer or give such information to any third party without the prior written consent of LucyRx.

- No information or data obtained from or provided by LucyRx to the Participating Pharmacy may be quoted or attributed to the Participating Pharmacy or LucyRx without the prior written consent of LucyRx.

- The Participating Pharmacy must use all necessary security procedures to ensure protection of any information or data records from improper access.
- The Participating Pharmacy must maintain the confidentiality of a Covered Person's personal profile and records including Protected Health Information (PHI) as required by applicable law, including state privacy laws and the Health Insurance Portability and Accountability Act of 1996 as amended.
- The Participating Pharmacy may not use the information provided by Covered Persons for any purpose not related to the Agreement, except to the extent such use is required by applicable law and must establish privacy and security safeguards as appropriate and necessary.
- The Participating Pharmacy must promptly notify LucyRx if it becomes aware of any unauthorized use of confidential information or data.

Proprietary Rights

Except as required to fulfill the Participating Pharmacy's obligations under the Agreement, the Participating Pharmacy has no right to use, reproduce or adapt any information, data, work, compilation, computer programs, manual process or invention obtained from, provided by, or owned by LucyRx and/or Benefit Sponsor (including, but not limited to, products, programs, services, business practices and procedures) without LucyRx's prior written consent.

LucyRx has the right to disclose, use, reproduce and/or adapt any information or data obtained from the Participating Pharmacy in any manner deemed appropriate, even if such use is outside the scope of the Agreement, provided such use is in accordance with applicable law.