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Navigating New Frontiers: Medicare Prescription Drug Billing

The shifting demographic landscape in the United States, with over 10,000 individuals entering senior citizenship daily, presents a unique set of challenges in healthcare. While modern medicine extends lifespans, it also escalates healthcare expenses for the elderly. A recent Gallup survey reveals a 41% increase in out-of-pocket healthcare costs for those aged 65 and older. Despite a rise in social security benefits, averaging $1,827 per month, healthcare costs continue to impose a substantial financial burden.

The Inflation Reduction Act (IRA), which was enacted to address some of these challenges, made several improvements to the Medicare program by expanding benefits, improving sustainability and also effectively limiting Medicare Part D expenses with a $2,000 cap on out-of-pocket pharmacy expenses.

Beginning in 2025, this new drug law requires all Medicare prescription drug plans (Medicare Part D plans) — including both stand-alone Medicare prescription drug plans and Medicare Advantage plans with prescription drug coverage — to offer members the option to pay out-of-pocket prescription drug costs in the form of monthly installment payments. This will be of significant help to Part D members who have high cost-sharing earlier in the plan year by smoothening out those expenses over the course of the year.

Billing Challenges and Opportunities for Payers

The IRA introduces both challenges and opportunities for healthcare stakeholders. While it places certain limitations, it also presents a chance for payers and PBMs to offer enhanced flexibility and superior services to their members. However, navigating these changes and complying with other regulatory requirements, demand operational agility and nimbleness, that pose challenges for organizations reliant on legacy financial systems. While, addressing administrative burdens and optimizing costs have always been a core agenda for these healthcare organizations, the need for a modern cloud-based revenue management and billing system has never been felt as strongly now than ever before.

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Elevating Revenue Management and Billing with Oracle

In the pursuit of proven solutions for navigating the complex landscape of Medicare prescription drug plans, Oracle Revenue Management and Billing (ORMB) stands out as a transformative offering. More than just a billing platform, ORMB is a strategic enabler for agility, and efficiency in healthcare revenue management. Offering a comprehensive suite of functionalities, including automated pricing and billing workflows, flexible payment management and collection functionalities, ORMB optimizes billing operations, providing stakeholders with the tools to continually adapt to the dynamic demands of the healthcare industry.

Medicare Prescription Payment Plan Billing - Oracle's Solution in Action

The Oracle Revenue Management and Billing application comes pre-built with a set of capabilities for effectively managing the intricacies of the Medicare Prescription Payment plan billing, thereby enabling payers and PBMs to go-to-market with their solutions well before the mandated time frame

Membership Management: Manage Opt-in Member Billing Accounts

The customer management module of the application offers all features required to maintain the enrollment information for all drug plan members who opt-in to the new payment program. This includes the ability to calculate the maximum monthly payment cap based on the plan year maximum expense limit as well as accommodate for any out-of-pocket expense transactions received at the time of enrollment. The module also leverages real-time APIs to ensure that updates to eligibility information and any termination and reinstatement requests are also managed seamlessly.

Pricing and Billing: Streamlining Complex Processes

The revised Medicare Part D program billing with the adjusted monthly charges and applicable caps along with other eligible subsidies and penalties, pose a distinct challenge for billing and revenue recognition. The Oracle solution, effectively addresses these challenges, by offering distinct processes and UI's for managing all applicable charges including low-income subsidies and late-enrollment penalties, along with the ability to define the appropriate logic to arrive at the right monthly prescription drug charges.

Receivables Management: Automated Payment Processes

ORMB helps address some of the key payment related requirements, including defining pay plans for installment payments, processing payment files, and also ensures accurate payment distribution through a reconciliation process. The application also supports rule-based auto-pay functionality for additional flexibility.

Financial Accounting: Ensuring Accuracy

To ensure continued access to affordable medications, PBMs and payers not only need to evaluate drug costs but also ensure effective revenue assurance. Oracle's billing solution ensures accurate accounting through an integrated sub-ledger framework that helps you record and recognize revenue line items under the appropriate heads. It also offers flexible deferred revenue recognition

ORMB - Transforming Healthcare Billing:

- 40 million+ transactions processed daily for a tier 1 healthcare payer in the U.S.

- $100M+ in cost savings through write-off reductions for one of the largest integrated healthcare organizations in North America

- 20% savings (FTE's) through automation of manual processes for a large payer in North America

- Invoice data processing time reduced by over 35% for a health insurer in the U.S.

- $5M+ in potential revenue leakage was identified for a pharmacy billing management company in North America

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framework, configurable refund and write-off processes, and GL extract functionalities, contributing to repeatable and precise financial processes.

Delinquency Management: Proactive Oversight

ORMB includes a dedicated delinquency management module, enabling stakeholders to effectively manage receivables using pre-defined delinquency process templates. The templates can be customized with specific events and actions relevant to the Medicare Prescription Payment plan program and can even be managed at a specific billing account or member level as well.

Oracle Revenue Management and Billing – Key Features

- Customer Management: 360 view of the member, real-time API's, flexible billing hierarchy

- Pricing: Pre-defined library of Fully Insured and ASO pricing rules, Configurable Rating Parameters, Complex pricing models

- Billing and Payment: Flexible bill cycles, invoice and statement generation, retroactive adjustments, refunds and write-offs, auto-payment, payment file processing, billed debit and credit offset, payment reconciliation

- Financial Controls: Integrated sub-ledger, GL account derivation and posting, deferred revenue recognition framework.

Enabling Healthcare organizations realize value – Customer Stories

Explore how ORMB powers growth, boosts operational efficiency, reduces risk, and optimizes customer relationships. Learn more about our success stories and the transformative impact of Oracle's advanced solution here.

Connect with us

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