MEDICAID ENTERPRISE SYSTEMS – FLEXIBLERX

Summary:
FlexibleRx is Montana's pharmacy claims processing system. It accepts claims submitted electronically by enrolled pharmacies for Montana Medicaid members. The system reviews each claim in real-time to ensure all necessary information is included, verifies the enrollment status of both the provider and the member, and applies any edits required to determine whether the claim should be approved or denied. The immediate processing ensures that members can obtain their medications without delay.

Once processed, pharmacy claims are sent to the Medicaid Management Information System (MMIS) to facilitate provider payment processing and support federal reporting requirements.

Background:
The FlexibleRx solution was acquired as part of the 2012 MMIS Replacement Project. It is an enhanced version of Xerox's *Prescription Drug Card System* (PDCS), initially implemented in Montana in 2003. Despite its roots in the older PDCS system, FlexibleRx now processes over five million ($5M) pharmacy claims annually for Montana's Medicaid pharmacy program.

Pharmacy Claims Processed	Calendar Year
5,099,293	2024
5,607,745	2023
5,469,512	2022
5,054,730	2021

When the vendor failed to fulfill all contractual obligations for the MMIS Replacement Project, the Department implemented FlexibleRx, successfully launched in December 2015, and achieved federal certification in 2017. Due to challenges encountered during the project, the Department terminated the contract for the remaining scope of the MMIS Replacement Project.

For more information contact Shellie McCann at RMcCann@mt.gov or call 406.202.5074.

1

Key Factors or Considerations

A range of critical considerations prompted the request for funding to replace FlexibleRx, as outlined in the table below:

Issue	Rationale
Contractual limitations	In March 2022, the FlexibleRx contract reached the maximum allowable ten-year contract term per Montana Code Annotated 2021 Title 18 | Chapter 4 | Part 3 | 18-4-3-13
System Instability	FlexibleRx processes claims in real time to ensure prescriptions can be filled quickly. If the system is down, a pharmacy won't have the information they need to fill the prescription.
High Cost of Hardware and System Updates	Necessary hardware and system updates to enhance security can cost up to $548,000 per upgrade event
Dependency on the MMIS to Pay Claims and Support Federal Reporting	The MMIS will be retired in 2027; the Department had to determine whether to invest millions of dollars in updating FlexibleRx to support federal reporting and payment processing or invest the money towards procuring a Commercial Off Shelf (COTS) product that met the Centers for Medicare and Medicaid Services Modularity Final Rule.

Benefits and Efficiencies of Replacing FlexibleRx:

- **Improved efficiency and automation:** Automated drug rebate processes and streamlined claims processing will enhance efficiency and reduce administrative burden.

- **Enhanced accuracy:** Advanced claims validation and reduced processing errors will improve payment integrity.

- **Increased availability and flexibility:** A COTS/cloud-based solution offers greater flexibility, scalability, and adaptability to evolving healthcare regulations and security industry standards.

- **Reduced system outages:** Improved system stability will minimize disruptions and ensure timely access to critical medications for Medicaid beneficiaries.

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2

M&O Estimate:

FlexibleRX base budget utilization and operational spend is approximately $3.7M, annually, with funding distributed between general funds (25%) and federal funds (75%).

The table below summarizes the expenses related to FlexibleRX for State Fiscal Year (SFY) 2024 and projected spending for SFY 2025.

MES M&O MODULE	EXP CATEGORIES	SFY 2024 EXPENDED	SFY 2025 PROJECTED
MES FLEX RX*	Vendor Costs	$ 3,662,766	$ 3,744,565
		$ 3,662,766	$ 3,744,565

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3