



# Managed Care Organization Lock-In Policy and Procedure

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Office of Inspector General  
Lock-In Program

## Managed Care Organization Lock-In Policy and Procedures

<b>Authority/Reference(s)</b>	<ul style="list-style-type: none"> <li>• <a href="#">Code of Federal Regulations (CFR) Title 42, §431.54(e): Exceptions to certain State plan requirements</a></li> <li>• <a href="#">Texas Administrative Code (TAC) Title 1, Part 15, Chapter 354, Subchapter K: Medicaid Recipient Utilization Review and Control</a></li> <li>• <a href="#">Uniform Managed Care Contract (UMCC):</a> <ul style="list-style-type: none"> <li>○ 8.1.5.6 Hotline, Nurse line and Member Education</li> <li>○ 8.1.19.7 Lock-in Actions</li> <li>○ 8.1.20.2 Reports</li> <li>○ 8.1.21 Pharmacy Services</li> </ul> </li> <li>• <a href="#">Uniform Managed Care Manual (UMCM):</a> <ul style="list-style-type: none"> <li>○ 5.0.1 Deliverables Requirements Matrix</li> <li>○ 5.5.1 Deliverables to the Office of the Inspector General</li> </ul> </li> </ul>
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### I. POLICY

The Texas Health and Human Services Commission (HHSC) Office of the Inspector General's Lock-In Program (OIG-LP) restricts, or locks in, a Medicaid recipient to a designated pharmacy if it finds:

1. That the recipient used Medicaid services, including drugs, at a frequency or amount that is duplicative, excessive, contraindicated, or conflicting; or,
2. That the recipient's actions indicate abuse, misuse, or fraud.

All Texas Medicaid eligible recipients are subject to lock-in regardless of age, program type, or Medicare eligibility [[Texas Administrative Code \(TAC\) RULE §354.2403\(a\)\(2\)](#)]. Some program types may be excluded.

In this policy, the term "member" means a Medicaid recipient participating in a Medicaid managed care organization (MCO). This policy describes the procedures OIG-LP and an MCO use to process a lock-in referral, recommendation, or decision.

For more information on OIG-LP policy please see the [TAC, Title 1, Part 15, Chapter 354, Subchapter K, RULE §354.2403](#).

## II. PROCEDURE

### 1. Referral to OIG-LP

The MCO reviews a member's pharmacy and acute care claims history. The member is identified for referral to OIG-LP if the member's drug utilization meets two or more of the OIG-LP criteria during a rolling 90-day period (within the last 12 months), or if the member meets criteria for one or more of the events described in the 24-month criteria.

The MCO looks for trends in utilization in a rolling 90-day period and identifies claims data sufficient to meet the criteria selected.

**Note:** The "[Lock-In Program Review Form](#)" is an Excel form and contains the criteria, pharmacy designation and place for claims data.

The MCO completes the non-shaded cells on the "Lock-In Program Review Form". The form must designate a recommended in-network pharmacy not listed in the OIG Exclusions list or the Federal Exclusions list and not subject to a disciplinary action by the Texas State Board of Pharmacy. Links to each of these are provided below:

1. OIG Exclusions list: <https://oig.hhsc.state.tx.us/oigportal2/Exclusions>
2. Federal Exclusions list: <http://exclusions.oig.hhs.gov/>
3. Texas State Board of Pharmacy website:  
[http://www.tsbp.state.tx.us/dbsearch/phy\\_search.asp](http://www.tsbp.state.tx.us/dbsearch/phy_search.asp)

The MCO creates and submits a referral to OIG-LP using the [web-based OIG Waste, Abuse, Fraud Electronic Referral System \(WAFERS\)](#) application (one referral per member).

The MCO uploads the "[Lock-In Program Review Form](#)", an Excel file, containing supporting documentation from the referenced 90-day, or 24-month timeframes.

For MCOs not enrolled in the automatic lock-in program, the MCO copies and pastes the claims data into the Pharmacy and Medical Claims tabs of the "[Lock-In Program Review Form](#)".

The Excel file should contain the following claims data as appropriate to support the criteria used:

1. Member first name, last name, and date of birth (DOB)
2. Transaction Status – paid, rejected, or cash (if available)
3. Prescription fill date
4. Drug name, dosage, quantity dispensed, number of days supplied
5. Prescriber last name, National Provider Identifier (NPI), specialty
6. Pharmacy name, NPI, Vendor ID from Vendor Drug Program (VDP), address and phone number
7. Prescription number
8. Diagnosis List
9. Include claims data for referrals based on emergency department (ED) utilization/hospitalization; or a diagnosis of drug poisoning (intentional self-harm), use and/or abuse.

If OIG-LP makes the decision to restrict a member to a designated pharmacy, OIG-LP will notify the MCO via secure email. The results are also made available to the MCO on the Lock-In Transition Report – LP1 which is uploaded to TxMed Central.

**Note:** The written lock-in notification letter provided by OIG-LP to the member includes the assigned Lock-In period, the designated pharmacy, the Lock-in effective date, instructions for changing the designated pharmacy, and instructions for requesting an appeal.

For more information on reports related to fraudulent practices and referrals (also known as the WAFERS report) please see the [HHSC Uniform Managed Care Manual 5.5.1 IV Reports](#) and [UMCC 8.1.19.7 Lock-In Actions](#).

## 2. Automatic-Lock (Auto-Lock) Referrals

MCOs with a history of submitting referrals with 80% or greater accuracy are eligible to participate in the Automatic Lock-in (Auto-Lock) program when making referrals to the OIG-LP. This program allows MCO's to make lock-in recommendations without submitting claim documentation supporting selected 90-day or 24-month criteria. The MCO is still required to provide supporting documentation for selected criteria if requested for further validation and auto-lock review.

MCOs participating in the Auto-Lock program must submit a referral using the "[Lock-In Program Review Form](#)" (See 1. Referral to OIG-LP *references*).

## 3. Automatic-Lock (Auto-Lock) Reviews

MCOs participating in the Auto-Lock program will be reviewed periodically for continued accuracy.

The OIG-LP samples a percentage of each MCO's referrals submitted during a designated time-period using a randomized sample.

*Paragraph below is not a new topic but a continuation of the random sample of the auto-lock referrals...*

The OIG-LP requests the data for the selected member referred by each MCO. The MCO has **30 business days** to submit the requested data to the OIG-LP from the date of the request.

Once the data is received by OIG-LP, the referrals are reviewed for completeness and accuracy of the data submitted against the criteria indicated in the Lock-In Program Review Form. The results of the auto-lock referral review are recorded in a spreadsheet and the scores are calculated. The MCOs are notified of the result via secure email.

**Note:** MCOs falling below the 80% accuracy threshold will be not be eligible to participate in the Auto-Lock program until referral accuracy of 80% or greater is achieved.

#### 4. Other Lock-In Referrals

MCOs not eligible for the auto-lock program must submit referrals to the lock-in program with supporting documentation for the selected criteria (See Referral to Lock-In Program).

The MCO must submit the supporting documentation for the criteria selected in either "Medical Claims" or "Pharmacy Claims" tab in the referral form.

#### 5. Continued Lock-In (CLI) Review

Prior to the expiration of a lock-in period, drug utilization information is requested from the MCO via the LP1 report (see Lock-In Reports section) 60 calendar days prior to the end of lock.

The MCO submits a referral (See Referral to Lock-In Program) indicating "Continued Lock" as the review type and supplies the pharmacy and/or acute care claims data that meets criteria for continued lock).

The MCO submits CLI data within **seven business days** from the date of request from OIG-LP or the member's lock may result in discontinuation.

The MCO submits a Lock-In Program Review Form for members with no utilization history, via Waste Abuse Fraud Electronic Referral System (WAFERS) with the following comments:

1. In the WAFERS Allegation tab: Medicaid number-No data to report, member does not meet criteria to continue lock.
2. In the Lock-In Program Review Form, Pharmacy Designation tab: Medicaid number- No data to report, member does not meet criteria to continue lock.

The MCO may receive a request for additional claims data information from the OIG-LP nurse analyst as needed for review.

If member transfers MCOs during the Lock-In period, the current MCO provides obtainable CLI data. If CLI data is insufficient/inadequate the previous MCO will be requested to provide CLI data available.

If continuing the Lock-In period, OIG-LP mails a CLI notice to the member and secured emails a copy of the notice to the MCO. The CLI notice includes an explanation of the CLI period and instructions for a fair hearing.

The MCO receives notification of the CLI results on the LP1 Report from OIG-LP according to the Lock-In Activity Reporting Schedule. The MCO removes or continues the lock on the day specified by OIG-LP on the LP1 Report.

**Note:** A member who has completed the 36-month lock-in period and is reinstated to lock-in status will be assigned a 60-month lock-in period. A member who has completed the 60-month lock-in period and is reinstated to lock-in status will be assigned a lifetime period.

## 6. Pharmacy Changes

OIG-LP approval is not necessary to change a member's designated pharmacy. The MCO may change a member's designated pharmacy when the criteria below are met to maintain the member's access to pharmacy services.

Designated pharmacy must be an in-network pharmacy not listed in the OIG Exclusions list or the Federal Exclusions list and not subject to a disciplinary action by the Texas State Board of Pharmacy. See database links provided below:

1. OIG Exclusions list: <https://oig.hhsc.state.tx.us/oigportal2/Exclusions>
2. Federal Exclusions list: <http://exclusions.oig.hhs.gov/>
3. Texas State Board of Pharmacy website:  
[http://www.tsbp.state.tx.us/dbsearch/phy\\_search.asp](http://www.tsbp.state.tx.us/dbsearch/phy_search.asp)

The following are allowable circumstances for pharmacy change approval ([TAC RULE §354.2405](#)):

1. The member moved out of the geographical area (greater than 15 miles from the Lock-In pharmacy);
2. The pharmacy refuses to continue as a lock-in pharmacy; or
3. The member has valid complaints against the lock-in pharmacy or its staff.

The MCO documents a change to a member's designated pharmacy on the Total MCO Member Lock-In Report (LP3), highlighting the row for members with pharmacy changes and uploads the LP3 report to TxMed Central in the MCO's folder with the "LIB" extension.

The MCO will receive notification from OIG-LP if a pharmacy is not eligible to participate in the Lock-In Program and request the MCO to designate another pharmacy. The pharmacy changes are to be noted in the LP3 Report.

## 7. Pharmacy Overrides

An MCO may allow a one-time pharmacy designation override to ensure member access to pharmacy services.

An override request may come from the pharmacy or member. It is recommended that the MCO check claims data to ensure the accuracy of the circumstances surrounding the member's request for the override.

The following are allowable circumstances for the MCO to approve a pharmacy designation override ([TAC RULE §354.2405](#) and [UMCC 8.1.5.6.1](#)):

1. The member moved out of the geographical area (greater than 15 miles from the lock-in pharmacy);
2. The lock-in pharmacy does not have the prescribed medication and the medication will remain unavailable for more than two calendar days;
3. The lock-in pharmacy is closed for the day and the member's need for the medication is urgent; or
4. The lock-in pharmacy does not carry the medication and is either unable to order it or is unwilling to stock it.

The MCO must maintain a history of one-time overrides available for CLI reviews.

## 8. Appeals

Medicaid members have 90 calendar days to appeal the lock-in decision. The MCO may receive a request from the member to appeal the initial lock-in or CLI decision by phone or in writing. "The recipient does not have the right to a fair hearing when the lock-in is the result of a misdemeanor or felony offense related to fraud and/or abuse of Medicaid benefits and/or services, or to controlled substances" ([TAC Title 1, Part 15, Chapter 354, Subchapter K, RULE §354.2407](#)).

If the MCO receives a request from a member for an appeal:

1. The MCO notifies the OIG-LP that the member is seeking a fair hearing via email to [LockIn Program@hhs.texas.gov](mailto:LockIn Program@hhs.texas.gov) no later than the close of the business day following the

day the request was made. Requests made within 10 calendar days of the lock-in notice will not be implemented until the fair hearing has been held and a final decision has been rendered. Requests made after the 10th calendar day of the lock-in notice will be locked into the designated pharmacy until the fair hearing has been held and a final decision has been rendered.

2. The MCO conducts an initial internal appeal according to the Appeal procedure requirements in the [Uniform Managed Care Contract](#), and notifies the OIG-LP of the outcome of the internal appeal process by email to [LockIn\\_Program@hhs.texas.gov](mailto:LockIn_Program@hhs.texas.gov).
3. If the member completes the MCO's internal appeal process and chooses to continue the fair hearing process, the MCO notifies the HHSC Fair Hearing Office and OIG-LP within five calendar days of receipt of the member's request. The member may request an expedited appeal resolution as described in the [Uniform Managed Care Contract](#). The member must exhaust the MCO's Expedited Appeal process prior to requesting an expedited fair hearing from HHSC.
4. The OIG LP Nurse Analyst registers the fair hearing request in Texas Integrated Eligibility Redesign System (TIERS). The MCO sends an appeals packet to the member, OIG-LP, and the HHSC Appeals Division. The MCO submits all of the items below to the HHSC Fair Hearing Office as part of the evidence packet:
  - MCO Member Handbook, or other educational materials provided to the member about appropriate use of health care services;
  - Pharmacy claims report that support the lock, without doctor licenses, Texas Provider Identifier (TPI) numbers or Vendor Drug Program pharmacy numbers (as a reminder, list each pharmacy claim on a spreadsheet with fill date, name of pharmacy, medication, dosage, quantity and number of days prescribed, and prescriber. If medical claims support the lock, provide a list with the dates of occurrence, hospital, and applicable diagnoses);
  - Summary of Nurse (if applicable) or Pharmacist review;
  - Lock-In Program Review Form;
  - MED (morphine equivalent dosage) policy, if appropriate.

The OIG-LP provides the following documents to the MCO for the evidence packet:

- Lock-in notification letter sent to the member;
- Brochure entitled "What You Need to Know About the Lock-In Program";
- TAC Rules: [§354.2401](#), [§354.2403](#), [§354.2405](#), [§354.2407](#);
- Code of Federal Regulations: [Title 42 Part 431.54\(e\)](#).

Representatives from the MCO and OIG-LP staff call into the fair hearing at the appointed time and provide supporting information as requested by the hearing officer.

The MCO will notify the OIG-LP via email the disposition of all appeal decisions including the HHSC Fair Hearing Officer's notification outcome within two business days.



When applicable after a final fair hearing decision has been rendered the OIG LP Nurse Analyst will instruct the MCO to lock-in the member to the designated pharmacy. The lock-in effective date is within three business days of the date of the ruling.

## 9. Lock-In Reports

### 1. LP1 Report – OIG-LP Distributes Weekly

- The "Lock-In Transaction Report (MCO)" (LP1) contains MCOs members' new locks, continued locks, unlock decisions and continued Lock-In (CLI) data requests.
- OIG-LP distributes the LP1 report to MCOs on Fridays via TxMed Central. If data is not available, a blank report for that MCO is distributed via TxMed Central on the last business day of the month.

### 2. LP2 Report – OIG-LP Distributes Monthly

- The "Individuals Locked to Pharmacy" report (LP2) provides active Medicaid members locked in the MCOs.
- OIG-LP distributes the LP2 report to the MCOs on the first business day of the month, or the next business day following a state holiday via TxMed Central.

### 3. LP3 Report – MCOs Submit Monthly

- The "Total MCO Member Lock-In Report" (LP3) lists the total number of MCO members in the Lock-In Program. The MCO highlights the members that require a pharmacy change to be processed by OIG-LP.
- MCOs submit the "Total MCO Member Lock-In Report" (LP3) as outlined in the Uniform Managed Care Manual 5.0.1 to OIG-LP via TxMed Central seven business days after receipt of the LP2 report.

## 10. MCO Compliance

1. MCOs must develop and implement policies and procedures to align with this document as required by contract.
2. The MCO policies and procedures will be reviewed for compliance per contract and as part of the annual deliverable noted in the Uniform Managed Care Manual 5.0.1.