

TennCare Policy Manual	Section: Providers
Policy No: PRO 23-002 (Rev. 1)	Date: October 13, 2025

Participation in Pharmacy Surveys

Background

TennCare periodically conducts surveys of pharmacy providers participating in the TennCare program. The purpose of these surveys is to ensure that TennCare reimbursement to pharmacies accurately reflects the costs of furnishing prescription drugs to TennCare members. Because TennCare reimbursement to pharmacies is based on two components (ingredient cost plus a professional dispensing fee), TennCare conducts two types of pharmacy surveys. The Cost of Dispensing (COD) survey is used by TennCare to determine the professional dispensing fee (PDF) paid to pharmacies, and the Average Actual Acquisition Cost (AAAC) survey is used to determine pharmacies' ingredient costs. Participation in both surveys is mandatory, as the accurate calculation of pharmacy reimbursement rates depends on comprehensive, transparent input from the entire pharmacy network.¹

As outlined in the TennCare Provider Manual, network pharmacies that do not comply with the mandatory survey participation requirement may receive a decreased PDF. The purpose of this policy is to describe how this PDF for non-participants is implemented.

Policy

Pharmacies participating in the TennCare program are required to participate in both the COD and AAAC surveys. If a network pharmacy fails to submit a complete response to three COD and/or AAAC survey requests, the pharmacy will be subject to a reduced PDF of \$5 for all non-specialty and non-compounded prescriptions. The TennCare specialty drug list can be found on the OptumRx/TennCare website.² The reduced PDF will remain in effect until the pharmacy submits a **timely, useable response to a future survey** (either COD or AAAC). Upon submission of a valid survey, the PDF paid to the pharmacy will be updated and returned to the otherwise applicable PDF amount based on pharmacy type, and if ambulatory, the pharmacy's yearly prescription volume. If the next survey completed by the pharmacy is an AAAC survey, the pharmacy's missed survey count will be reduced from 3 to 2. If the next survey completed by a pharmacy is a COD survey, the pharmacy's missed survey count will be reset from 3 to 0. (See discussion below.)

Non-responses to either survey (COD or AAAC) are counted equally toward a pharmacy's total non-response count. However, because the COD survey occurs less frequently than the AAAC survey (every three years versus every six months, respectively), complete participation in the COD survey across the network is especially critical. To incentivize pharmacies to complete the COD survey, TennCare will reset a pharmacy's non-response count to zero whenever that pharmacy submits a **complete and timely** COD survey. This reset to zero will **occur only when a COD survey is completed**. A "complete" survey is defined as a good faith effort to submit all relevant invoices and/or to provide relevant, useable answers to at least 80% of the survey questions.

¹ [Section 3.1 of the TennCare Pharmacy Provider Manual](#) and Section 8.1 in OptumRx's Ambulatory Pharmacy Addendum

² [TennCare Specialty Drug List](#)

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Procedures

1. Upon both the first and second documented incidence of non-response by a network pharmacy provider to a survey, whether it is a COD Survey or an AAAC Survey, the pharmacy will receive a letter outlining each unique instance of the provider's non-compliance that explains how non-responses are tracked and the consequences for future non-compliance.
 - a. The pharmacy will be included in the next survey. If the pharmacy submits a useable, timely response to this survey, the following will occur based on the type of survey completed:
 - i. AAAC Survey – If a satisfactory response is received for an AAAC survey, the pharmacy will continue to receive the otherwise applicable PDF based on the pharmacy type, and for ambulatory pharmacies, the pharmacy's yearly prescription volume, **but the pharmacy's non-response count will remain unchanged.**
 - ii. COD Survey – If a satisfactory response is received for a COD survey, the pharmacy will continue to receive the otherwise applicable PDF based on pharmacy type, and for ambulatory pharmacies, the pharmacy's yearly prescription volume, **and the pharmacy's non-response count will reset to zero.**

2. Upon the third documented incidence of non-response by a network pharmacy provider, regardless of survey type, the pharmacy's PDF for non-specialty, non-compounded medications will be set to the \$5.00 Non-Responder PDF.
 - a. The pharmacy will be included in the next survey. If the pharmacy submits a useable, timely response to this survey, the following will occur based on the type of survey completed next:
 - i. AAAC Survey – If a satisfactory response is received for an AAAC survey, **the pharmacy's PDF will return to the otherwise applicable PDF** based on pharmacy type, and for ambulatory pharmacies, the pharmacy's yearly prescription volume, **and the pharmacy's non-response count will decrease from 3 to 2.**
 - ii. COD Survey – If a satisfactory response is received for a COD survey, **the pharmacy's PDF will return to the otherwise applicable PDF based on pharmacy type**, and for ambulatory pharmacies, the pharmacy's yearly prescription volume, **and the pharmacy's non-response count will reset to zero.**

3. Upon the fourth documented incidence of non-response by a pharmacy provider in the TennCare pharmacy network, involving either a COD Survey or an AAAC Survey, the pharmacy may become subject to further penalties, up to and including termination from TennCare's pharmacy network.

Examples

The following examples illustrate how TennCare tracks survey non-responses for purposes of establishing

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the appropriate PDF.

Example #1

Survey Type	Month/Year	Missed/Submitted
COD	June 2019	Missed
AAAC	September 2019	Submitted
AAAC	March 2020	Submitted
AAAC	September 2020	Missed
AAAC	March 2021	Submitted
AAAC	September 2021	Submitted
AAAC	March 2022	Submitted
AAAC	September 2022	Submitted
COD	April 2023	Submitted
AAAC	April 2023	Submitted

A TennCare network pharmacy has the survey response history outlined above.

- Prior to completing their April 2023 COD survey, the pharmacy's non-response count was 2.
- After the successful completion of the pharmacy's April 2023 COD survey, the pharmacy's non-response count was reset from 2 to 0.
- Because the pharmacy's non-response count did not reach 3, the pharmacy's PDF was not impacted.

Example #2

Survey Type	Month/Year	Missed/Submitted
COD	June 2019	Submitted
AAAC	September 2019	Submitted
AAAC	March 2020	Submitted
AAAC	September 2020	Missed
AAAC	March 2021	Submitted
AAAC	September 2021	Submitted
AAAC	March 2022	Submitted
AAAC	September 2022	Submitted
AAAC	April 2023	Missed
COD	April 2023	Missed
AAAC	September 2023 (FUTURE)	

A TennCare network pharmacy has the survey response history outlined above.

- After the missed April 2023 surveys, the pharmacy's non-response rate is 3.

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- The pharmacy's PDF for non-specialty and non-compounded medication claims will decrease to \$5.
- If the September 2023 AAAC survey is completed, the pharmacy's PDF will be updated to reflect the pharmacy's type/prescription count, AND the pharmacy's non-response rate will decrease from 3 to 2. (Note: A complete reset to 0 of the non-response count occurs ONLY with the completion of a COD survey.)

Reconsideration Requests

Pharmacies meeting the criteria for the reduced PDF may request a reevaluation of their reduced PDF by submitting a reconsideration request to TennCare. Pharmacies should include supporting documents, provide detailed context, and explain their previous survey non-participation (e.g., recent change of pharmacy ownership) to ensure a thorough and timely evaluation. TennCare must receive reconsideration requests within 30 days of the letter notifying the pharmacy of its reduced PDF. The TennCare Pharmacy Unit will be responsible for reviewing requests for reconsideration.

TennCare Office of Primary Responsibility

Chief Medical Office, Pharmacy Unit

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