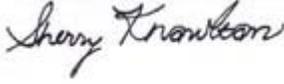


	MEDICAL ASSISTANCE BULLETIN COMMONWEALTH OF PENNSYLVANIA * DEPARTMENT OF PUBLIC WELFARE	
	SUBJECT Brand Medically Necessary Drugs Prior Authorization Billing Procedure and Drug List	BY  Sherry Knowlton Deputy Secretary for Medical Assistance Programs
NUMBER:	19-94-10	
ISSUE DATE:	July 1, 1994	
EFFECTIVE DATE:	July 5, 1994	

PURPOSE:

The purpose of this bulletin is to provide pharmacies with the list of those drugs that will require Prior Authorization and the billing procedure for submitting claims for "Brand Medically Necessary" drugs.

SCOPE:

This bulletin applies to all pharmacies enrolled in the Medical Assistance Program.

BACKGROUND:

The Department currently establishes State Maximum Allowable Costs (MACs) on selected legend and nonlegend multisource drugs. The Department limits the drug cost portion of the reimbursement rate to the State MAC unless the prescriber handwrites either "Brand Medically Necessary" or "Brand Necessary" on the prescription. The pharmacy may then dispense the brand name product and, if the claim submission is coded correctly to indicate the "Brand Medically Necessary" notation, the Department will ignore the State Mac limit and determine payment at the brand name rate.

Although the number of drug entities on the Department's State MAC list is fairly extensive, there are still many other brand name drugs that also have therapeutically equivalent generics available for substitution but are not included on the State MAC list. Therefore, the Department is required to reimburse these drugs at the higher brand name rate if they are dispensed.

DISCUSSION:

Effective July 5, 1994, the Medical Assistance Program will no longer pay for multisource brand name drugs that have therapeutically equivalent generic substitutes available. Instead, the Department will require Prior Authorization for these multisource brand name drugs and pay for them only if the prescriber can provide valid medical justification that the brand name must be dispensed instead of a therapeutically equivalent generic.

As a result of the Felix v. Casey (C.A. No. 92-CV-7376, U.S.D.C., E.D.Pa.) Stipulation of Settlement, the Medical Assistance Program is now permitted to use Prior Authorization as a payment condition for multisource brand name drugs that have therapeutically equivalent or "A" rated generic products available for substitution.

The Medical Assistance Program will issue periodic lists of these brand name products that will require Prior Authorization as a condition for payment, and distribute them to all affected providers. The initial list is included with this bulletin.

Prescribers will be required to call the Department and request approval to prescribe a brand name product that appears on the Department's list. The Department will issue approval to use the brand name product if the prescriber is able to provide documentation to the Department that the individual patient is in danger of an adverse reaction from the use of the generic equivalent drug and that use of the prescribed brand name drug would eliminate the danger of the adverse reaction. The prescriber will be required to maintain this documentation in the individual patient's medical file and must be able to provide it to the Department in writing upon request.

The Department will issue a 10 digit Prior Authorization number to the prescriber if Prior Authorization is granted. The prescriber must include this 10 digit number on the prescription, in addition to the handwritten phrase "Brand Medically Necessary" or "Brand Necessary" as required by the Generic Equivalent Drug Law. The "Brand Medically Necessary" notation on the prescription will no longer serve as adequate justification to pay for the brand name drug through the Medical

Assistance Program. The pharmacy must include this Prior Authorization number in order to have the claim paid.

Prescriptions for multisource brand name drugs requiring Prior Authorization having the notation "Brand Medically Necessary" with no Prior Authorization number may not be substituted with a generic. Therefore, if this occurs, the recipient will have to pay the entire cost of prescription since the brand name drug is no longer compensable.

In addition, since all brand name products on the Department's list are noncompensable unless Prior Authorization is granted by the Department, recipients who request the brand name product dispensed instead of the generic without approval must also pay the entire prescription price from their own resources. Under no circumstances should the pharmacy bill the Department for the generic and accept partial payment from the recipient for the difference between the brand name price and the generic price.

The Prior Authorization number will serve two purposes. It will authorize payment for the brand name drug and will replace the current override procedure if the multisource drug product is subject to a State MAC.

Each Prior Authorization number issued will authorize coverage for that original prescription and its refills (a maximum of 5 refills within a 6 month period). All original prescriptions and their subsequent refills will require a new Prior Authorization number. Therefore, the prescriber must request an approval each time a new prescription is written for a drug on the Department's list. Pharmacies will be required to include the Prior Authorization number assigned to that prescription when the initial claim and all subsequent refills are submitted for payment. If the Prior Authorization number is omitted from the submission or is incorrect, the Department will reject the claim.

Pharmacies may accept telephone orders for prescriptions requiring Prior Authorization, if the prescriber conveys the Prior Authorization number and the "Brand Medically Necessary" phrase to the pharmacist. However, the prescriber is required to send a properly written prescription, containing the Prior Authorization number and the handwritten "Brand Medically Necessary" phrase, to the pharmacy within 15 days. Since the pharmacy is primarily held accountable for the maintenance of the required records for each medical assistance prescription, the option to accept "Brand Medically Necessary" prescriptions by telephone will rest with the pharmacist.

Pharmacies may also transfer copies to or from another pharmacy for these "Brand Medically Necessary" prescriptions if requested by the recipient. Both pharmacies involved should apply the same mandates for transferring "Brand Medically Necessary" prescriptions as described in the Pharmacy Act pertaining to transferring prescriptions. The Prior Authorization number assigned to the original prescription is needed to submit the claim for the transferred prescription. Therefore, it must be included with the transfer. The pharmacy receiving the copy should be certain to reference the name and prescription number of the pharmacy giving the copy, and vice versa.

PROCEDURE:

Pharmacies must now use the Electronic Claims Management (ECM) on-line adjudication system to submit claims for brand name drugs requiring Prior authorization. Do not submit these claims by paper, diskette, or tape. This procedure supercedes the recent directive (See MA Bulletin 19-94-06, issued May 5, 1994) which instructed pharmacists to use paper, diskette, or tape for all claims requiring Prior Authorization. ECM will be set up to accept these claims on July 5, 1994.

Please review the Department's list of brand name products that require Prior Authorization. A prescription written for a brand name drug appearing on this list must contain both the Department's assigned 10 digit Prior Authorization number and the required "Brand Medically Necessary" phrase to be compensable. The Prior Authorization number will consist of 10 numeric digits which represent the following:

- 1st digit The year the Department received the request.
- 2nd, 3rd, 4th The Julian calendar date the Department received the request.
- 5th, 6th The batch number.
- 7th - 10th The sequential number of the request for that day.

Generally, the Department will reject any claim for a drug product on the Department's BMN list if it is submitted without the 10 digit Prior Authorization number. However, the Department recognizes that certain brand name legend drugs are used by pharmacies as the generic substitute. These drugs are indicated on the Department's list with a "(**)". The Department will pay for the drugs without a Prior Authorization number up to the State MAC limit.

In addition to these brand name legend drugs, the Department will not reject claims for an OTC brand name drug subject to a State MAC. Instead, the Department will process the claim and determine the payment rate by using the State MAC for the ingredient cost if the pharmacy is willing to accept the Department's payment. However, the Department will require Prior Authorization to override any State MAC price and pay the full ingredient cost, including those legend drugs indicated on the list with a "(**)" and OTC drugs.

PHARMACY
BILLING PROCEDURES FOR
BRAND MEDICALLY NECESSARY CLAIMS

Please follow this procedure if you receive a prescription for a drug product contained on the Department's list of drugs requiring Prior Authorization:

1. Be certain the prescriber included the Prior Authorization number and the "Brand Medically Necessary" notation on the prescription.
2. Prepare the claim using the Electronic Claims Management (EMC) on-line adjudication system by entering the Prior Authorization number in the Prior Authorization field (NCPDP PA/MC field 416). Since this field is also used to indicate "pregnancy" or "copay not collected" you must use the following to indicate pregnancy, copay not collected, and/or Prior Authorization:
 - a. If the recipient is not pregnant, copay is collected and Prior Authorization is required, enter the value "1" to indicate the PA/MC code. Enter the 10 digit Prior Authorization number in the appropriate PA/MC number field. Consult your software vendor for further clarification.
 - b. If the recipient is pregnant and Prior Authorization is required, enter the value "8" to indicate the PA/MC code. Enter the 10 digit Prior Authorization number in the appropriate PA/MC number field. Consult your software vendor for further clarification.
 - c. If the copay is applicable but not collected from the recipient and Prior Authorization is required, enter "4" to indicate the PA/MC code. Enter the 10 digit Prior Authorization number in the appropriate PA/MC number field. Consult your software vendor for further clarification.
 - d. If the recipient is pregnant and no Prior Authorization is required, enter "8" to indicate the PA/MC code. This is the current procedure.
 - e. If copay is applicable but not collected from the recipient and no Prior Authorization is required, enter "4" to indicate the PA/MC code. This is the current procedure.
3. Use the "DAW" field for information purposes only. The Department will no longer use the "DAW" field as the override indicator for a State MAC drug. You must enter the Prior Authorization number issued to the prescriber to override a State MAC.
4. If the claim submitted involves a State MAC OTC drug or one of the specially indicated State MAC legend brand name drugs which the pharmacy will accept payment at the the State MAC rate, submit the claim without the Prior Authorization number. The claim will be processed using the State MAC rate.
5. Transmit claim to the Department through the ECM point-of-sale on-line system.

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PRIOR AUTHORIZATION EXEMPTIONS

1. REFILLS FOR CLAIMS SUBMITTED PRIOR TO JULY 5, 1994

Valid refills for brand name prescriptions originally filled prior to July 5, 1994, will not require Prior Authorization. However, in order to process the claim in this situation, you must enter "4444444444" as the 10 digit Prior Authorization number in the appropriate PA/MC number field to indicate a refill for an original prescription filled prior to July 5, 1994. ECM will reject the claim if this number is missing.

2. EMERGENCY SITUATIONS

The Department provides a procedure for EMERGENCY SITUATIONS. Pharmacies may dispense an emergency supply of the brand name product without Prior Authorization if the prescriber writes "Emergency" on the prescription. This will indicate that the prescriber was unable to contact the Prior Authorization Unit because the Department was closed due to a holiday, the weekend, or after hours.

In these situations, the Department will permit the prescriber to write for NO MORE THAN A 5 DAY SUPPLY of the

brand name product. If the prescriber indicated an "Emergency" situation and the quantity prescribed exceeds a 5 day supply, the pharmacist may reduce the quantity to the required amount. Prior Authorization will be required for any subsequent quantities of that drug dispensed.

In an emergency situation, if the pharmacist is unable to contact the prescriber to renew an expired prescription, the pharmacist is permitted to dispense up to a 5 day supply of the brand name drug without Prior Authorization.

Refills are not permitted if the claim was originally filled as an emergency.

To indicate an EMERGENCY SITUATION, enter "03" in the Level of Service Field (NCPDP field 418). The Department will reject EMERGENCY claims without Prior Authorization if the quantity exceeds a 5 day supply.

NOTE

ALL CLAIMS INVOLVING PRIOR AUTHORIZATION FOR BRAND NAME DRUGS **MUST BE SUBMITTED THROUGH ECM.** DO NOT SUBMIT THESE CLAIMS BY PAPER, DISKETTE, OR TAPE. THIS IS A CHANGE FROM THE INSTRUCTIONS ORIGINALLY GIVEN REGARDING THE SUBMISSION OF CLAIMS REQUIRING PRIOR AUTHORIZATIONS. (SEE M.A. BULLETIN 19-94-06, ISSUED MAY 5, 1994.)

Attachments

- Brand Name Drugs Requiring Prior Authorization - effective 7/5/94

COMMENTS AND QUESTIONS REGARDING THIS BULLETIN SHOULD BE DIRECTED TO:

Pharmacy and Ancillary Services
P.O. Box 8043
Harrisburg, Pennsylvania 17105
1-800-932-0938

Visit the Office of Medical Assistance Programs website at www.dpw.state.pa.us/omap.