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Pharmacy Coverage Policy

Prescription Requirements

All medication is dispensed on the basis of a written prescription from the prescribing provider. Exceptions are allowed in emergency situations. In instances where an emergency arises, a 72 hour supply of medication may be dispensed on the basis of a phone-in prescription. Emergency prescriptions are refillable. An example of an emergency situation is a physician phoning in for an antibiotic for a child over the weekend. A 72 hour supply of medication may be dispensed until a written prescription can be obtained.

Rebate Agreement

Only those drug products that are manufactured by pharmaceutical companies that have signed a rebate agreement with HCFA pursuant to the Omnibus Budget Reconciliation Act of 1990 will be reimbursed.

Brand Necessary

In those instances where a medication is subject to Federal or State Upper Limits and the prescribing provider feels the brand name is necessary, the following procedure must be followed to ensure payment of the brand name. The provider must sign on the dispense as written line for the brand name product and indicate on this prescription the medical reason why the recipient cannot take a generic substitution. The pharmacist then calls Pharmacy Services (at (401) 2183) to get approval for this recipient. Verbal authorization will be given if the prescription meets all the above criteria. This approval will be temporary and a copy of the actual prescription is sent to Pharmacy Services for their files. If the recipient does not pay for the drug, so will result in removal of the approval. This approval will expire one month from the date of issuance. At that time a new authorization will be needed.

In those instances when a brand name product is subject to Federal or State Upper Limits and is dispensed without brand name approval, the upper limit price will not be reimbursed.

Prior Authorization

Prior Authorization is required for all drugs not included within the scope of the Medical Assistance Program. A prior authorization form must be signed by the prescribing provider and forwarded to the pharmacy where the prescription is filled.

filled. The pharmacist will then submit to the Medical Assistance Program for approval. Approval will be granted on the basis of the required information was supplied. This prior approval will last for the duration of the prescription.

In general, the types of drugs not included are the following:

- The more expensive corticosteroid and anabolic hormones (oral only)
- Anorexiant (all types, limited to a three-month approval only)
- Expensive vitamins, hematinics and lipotropic preparations, the total charge which is in excess of \$10.00 per pint of liquid or 100 capsules or tablets at those drugs prescribed in quantities of less than 100 capsules, tablets or pints of liquid.
- Central nervous system stimulants for recipients over the age of 21.
- Covered vaccines.

Refillable Medication

A maximum of 5 refills (except where Federal or State law prohibits) is allowed for those medications required for the continuous treatment of chronic conditions. Payment will not be allowed for any prescription refilled after one year from date of service. It is the responsibility of the pharmacist not to refill any prescriptions when it is apparent to him/her that at least 75% of the previous prescription has not been utilized in accordance with the physician's directions. Non-maintenance medication is limited to a 30-day supply.

The following categories of medication are not refillable and require a new prescription at all times (with the exception of emergencies):

- Central Nervous System Stimulants
- All drugs classified in current Federal Schedule II
- All narcotic drugs classified in current Federal Schedule III (including Acetaminophen with Codeine Elixir)
- All drugs containing Pentazocine
- All similar and related drugs and combinations of the classifications listed

Maintenance Medication

The following categories of medication are considered maintenance and are to be dispensed in specified quantities:

- Anti-diabetic preparations (including insulin and needles and syringes).

- Anti-convulsants (excluding barbiturates, benzodiazepines).
- Anti-hypertensives
- Cardiovascular preparations (excluding patches, oral solutions)
- Diuretics (excluding oral solutions)
- Hormones (excluding patches and medroxyprogesterone)
- Thyroid preparations
- Vitamins, hematinics

The original prescription may be dispensed in the quantity that the prescriber indicates on the prescription. Refills are to be dispensed in quantities of 100 tablets, capsules or pint of liquid or a 30-day supply, whichever is greater. The following medications must be dispensed in quantities of 100 capsules or tablets or a liquid at all times: Digoxin, Vitamins, Hematinics, and Nitroglycerin (excluding patches). Prescriptions for quantities of less than 100 or pint of liquid require Authorization.

Retail Pharmacy Billing Procedure

- Payment for medication for recipients living in their own homes is subject to the following conditions:
 - A professional fee for service of \$3.40 will be allowed for all legend drugs in addition to the allowable cost of the drug.
 - In accordance with Federal Regulations, the upper limit for payment for legend drugs - whether legend items or non-legend - will be based upon the amount allowed by the Medical Assistance Program or the usual and customary charge to the general public, whichever is lower. The Usual and Customary charge includes all group discounts (i.e., 10% Senior Citizen) when applicable to an Assistance Recipient or any sale price that might apply at a particular point.
 - Payment for over-the-counter drugs will be based upon the lowest of:
 1. - The allowable cost of the drug plus a 50 percent, but no less than a minimum charge per prescription;
 2. - The allowable cost plus the appropriate dispensing fee;
 3. - The usual and customary charge to the general public.
 - The amount allowed for a multiple source drug for which an upper payment limit has been established as required by 42 CFR §447.331(a) will be the lower of:
 1. - The upper limit established by the federal Health Care Financing Administration pursuant to 42 CFR §447.331; or



2. - The usual and customary charge to the general public (including all discounts such as senior citizen discounts), or if lower, the amount charged by other third party payors; or
3. - The estimated acquisition cost, which shall be the manufacturer's Wholesale Acquisition Cost plus a 10% markup.

The amount allowed for brand name drugs and drugs other than multiple drugs for which a specific limit has been established as required by 42 CFR §447.331(b) will be the lower of:

1. - The usual and customary charge to the general public (including all discounts such as senior citizen discounts), or if lower, the amount charged by other third party payors; or
2. - The estimated acquisition cost, which shall be the manufacturer's Wholesale Acquisition Cost plus a 10% markup.

There is no provision for payment for containers or compounding services

Hospital Outpatient Pharmacy Billing Procedure

Payment for medications dispensed by Hospital Outpatient pharmacies will be the amount allowable for that particular medication as established by the Medicaid Assistance Program plus a 25% mark-up or a \$2.85 dispensing fee, whichever is lower, or the usual and customary charge to the general public.

LTC Pharmacy Billing Procedure

To eliminate waste and to provide for an efficient alternative method of claim processing, a special program has been developed for pharmacies billing for recipients who reside in a long term care facility. This program eliminates the need for limiting all medication to a one month supply instead of maintenance dose. Written physician prescriptions and prior authorizations are also waived. In addition, a detailed reporting and tracking system has been developed for auditing and record keeping.

Before payment can be made for these services, a signed agreement between the pharmacy and the Department of Human Services must be on file. The pharmacy must adhere to all the terms of the agreement. Failure to do so may result in disciplinary action.

Payment for medication for recipients living in a nursing facility or ICF/MR is subject to the following conditions:

- A \$2.85 dispensing fee for all allowable legend drugs and covered over-the-counter drugs (e.g., Insulin, vitamins, hematinics) plus the approved cost of the drug.

- Dispensing limitations are as follows: one prescription per month per patient for each medication. Any subsequent billing within a thirty day period for the same medication will result in a non-payment of that prescription.

Limitations Pertinent to Drugs and Pharmacy Services

Payment will not be made for the following drugs and supplies:

- New or experimental drugs in a state of preliminary trial and drugs of doubtful efficacy.
- Drugs available through existing community-sponsored programs; i.e., drugs used in the treatment and/or prevention of venereal diseases, gamma globulin for the prevention of infectious hepatitis and the prevention or modification of measles, and other biologicals provided by the Rhode Island Department of Health and its official and voluntary health agencies.
- Drugs dispensed by physicians (with the exception of Norplant and Depo-Medrol), dentists, certified optometrists, certified nurse-midwives or podiatrists.
- Inexpensive over-the-counter items such as aspirin, band-aids, alcohol swabs, cotton, etc.
- Liquor in any form.
- All drugs classified as DESI Drugs.
- Drugs generally excluded from payment in the Rhode Island Medical Assistance Program, such as:
 1. - Drugs used in the treatment of Smoking Cessation, e.g., Nicotine Transdermal System Patches or Nicotine Chewing Gum;
 2. - Drugs used in the treatment of hair growth, e.g., Minoxidil Solution;
 3. - Drugs used in the treatment of infertility, e.g., Clomiphene Citrate.