

The Colorado Medicaid program uses the National Council on Prescription Drug Programs (NCPDP) electronic format and the pharmacy paper claim form to submit prescription drug claims. Both electronic claims and paper are processed by the Prescription Drug Card System (PDCS). The PDCS is located within the fiscal agent's data center and provides claim, provider, eligibility, and prior authorization interfaces with the Medicaid Management Information System (MMIS). All electronic claims must be submitted through a pharmacy switch vendor. Claims that cannot be submitted through the vendor must be submitted on paper.

### **Prior Authorization Requests (PAR) for pharmacy**

Medicaid provides benefits for new and non-restricted products that are manufactured by companies participating in the National Drug Rebate Program. Products and items that are considered regular Medicaid benefits do not require prior authorization. Restricted products require prior authorization before they can be considered benefits of the Medicaid program.

**Approval of a PAR does not guarantee Medicaid payment.** Prior authorization only assures that the approved service is medically necessary and considered to be a benefit of the Medicaid program. All claims, including those for prior authorized services, must meet claim submission requirements before payment can be made (e.g., timely filing, client eligibility, Primary Care Physician referrals, third party resource payments pursued, required attachments included, etc.).

All pharmacy PARs must be telephoned by the prescribing physician to PDCS. PARs are approved or denied at the time of the phone call. Prior authorizations are drug specific but not pharmacy or NDC specific.

Physicians also may request a PAR extension or the review of a denied PAR. If the authorizing agent requires additional information, the physician should provide the information by phone.

The authorizing agent reviews the PAR, approves or denies the requested services.

PARs must be approved **before** services are billed. Do not submit claims before the PAR is approved.

### **General requirements for pharmacy**

**Pharmacy Prior Authorization is required for:**

- Certain restricted drugs.\*
- Drugs that are not listed in the Colorado Drug Formulary.
- Reimbursement for brand name multiple source products in excess of the State Maximum Allowable Cost (MAC) or the Federal Upper Limit (FUL).
- Some home IntraVenous (IV) solutions.
- Over-the-counter drugs that are a Medicaid benefit.\*
- Total Parenteral Nutrition (TPN) therapy, drugs and intravenous solutions that are not regular Medicaid benefits.
- **MedWatch**

If a physician determines that a brand name drug is medically necessary for a Medicaid client:

- Fax a MedWatch form to the Prescription Drug Card System (PDCS) fax number listed in Appendix A, and
- Call PDCS at the number in Appendix A for prior authorization.

\* Refer to Pharmacy - Special Benefits/Limitations/Exclusions in this section of the manual.

### **Compounded Prescriptions**

Compounded prescriptions (prescriptions where two or more ingredients are combined to achieve a desired therapeutic effect) require prior authorization only for any ingredient (e.g., Over-the-Counter drugs, chemicals or other non-drug items) which is not a regular benefit.

When each ingredient in a compounded prescription is a legend drug with an NDC number, bill each item as a separate prescription. Medicaid allows benefit for each ingredient when it is manufactured by a participating company and is medically necessary. A dispensing fee is allowed for each ingredient of the compounded prescription. Applicable copayment should be collected for each ingredient.

Strength, chemicals and non-drug items in the compounded prescription (including those that do not require prior authorization) must be listed.

### **Special benefits/limitations/exclusions**

Providers that bill for pharmaceuticals must submit claims on the Pharmacy claim form using NDC codes.

#### **1990 OBRA rebate program**

Federal regulation requires that drug manufacturers sign a national rebate agreement with Health Care Financing Administration (HCFA) to participate in the state Medicaid program. Drugs produced by companies that have signed a rebate agreement (participating companies) are a Medicaid program benefit. A list of the participating pharmaceutical companies is located in the Red Book. The Medicaid program does not provide reimbursement for products by manufacturers that have not signed a rebate agreement.

The Colorado Drug Formulary (Formulary) is an alphabetical listing of Food and Drug Administration (FDA) approved drugs, manufactured by companies participating in the National Drug Rebate Program, for which Medicaid reimbursement can be made without prior authorization. The Formulary is produced by the fiscal agent and distributed on request to participating pharmacies.

### **Dispensing**

#### **Birth Control Pills**

After a one month trial period, the number of birth control pills dispensed cannot exceed a three month supply.

#### **Compounded prescriptions**

When each ingredient in a compounded prescription is a legend drug with an NDC number, bill each item as a separate prescription. Medicaid allows benefit for each ingredient when it is manufactured by a participating company and is medically necessary. A dispensing fee is allowed for each ingredient of the compounded prescription. Applicable copayment should be collected for each ingredient.

#### **Emergency**

In an emergency, pharmacies may dispense a 72 hour supply of covered outpatient prescription drugs without prior authorization. An emergency situation is any condition that is life threatening or requires immediate medical intervention. Undocumented aliens are not eligible for this benefit.

#### **Family Prescriptions**

If a prescription for a drug is written for an entire Medicaid eligible family (e.g., anthelmintics), bill the drug using the name and client state identification number of one family member.

#### **New Prescriptions**

A new prescription is an order for a drug which is prescribed to treat a current illness or condition and has not been used in recent treatment. The quantity prescribed for new prescriptions is at the discretion of the physician.

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### Over-The-Counter (OTC) Drugs

Insulin must be dispensed in quantities for a minimum of 30 days of therapy.

### Prescription Splitting

Prescriptions cannot be dispensed in quantities less than the physician ordered unless the quantity ordered is more than a 100-day supply. If the quantity is more than a 100-day supply, the prescription may be reduced to the 100-day supply.

### Refill Prescriptions

For prescriptions **other than maintenance** medications, apply the following:

- If the physician orders a prescription for a quantity which exceeds a 30-day supply, the amount must be reduced to a 30-day supply.
- If a physician orders a prescription for a one-month supply that exceeds a quantity of 100, dispense a quantity of 100, not the 30-day supply. Amounts must be for a 30-day supply or 100 tablets, whichever is less.
- If the physician orders a prescription for a quantity which is less than a 30-day supply, the prescription must be dispensed in the amount prescribed.
- **Nursing Facility (NF)** residents are exempt from the 30-day supply refill for generic (multi-source) maintenance medication when a dosage adjustment or titration is needed. When the patient is stabilized, a 30-day supply must be dispensed. NF residents are exempt from the dispensing of 100 tablet quantity limit.

### Restricted Products

Medicaid provides benefits for most prescription drugs by participating companies. The Colorado Medicaid Program restricts or excludes coverage for some drug categories. Restricted products by participating companies are covered as follows:

Category	Regular Benefits	Prior Auth Benefits
Anorexia or weight gain	None	None
Barbiturates	All	Brand
Benzodiazepines	All	Brand
Cosmetic purposes or hair growth	None	None
* Cough and colds	Formulary	Limited
** DESI drugs	None	None
Drugs with mandatory lab services	Clozapine	None
Fertility	None	None
Non-prescription drugs	Aspirin, Insulin	Limited
Prescription vitamins and minerals	Prenatal, Folic Acid	Limited
Smoking cessation	None	Limited

None	No products in the category are Medicaid benefits.
Formulary	Products listed in the current Formulary are regular Medicaid benefits.
Limited	Prior authorization requests for some products may be approved based on medical necessity.
All	All products in this category are regular Medicaid benefits.
Brand	Prior authorization requests are required for brand name products with FUL.

\* **Cough and cold products:** Cough and cold products are defined as combination products containing antihistamines, decongestants and/or cough suppressants. Single agent antihistamines are not considered to be cough and cold products and are regular Medicaid benefits.

\*\* **DESI drugs:** DESI drugs are products that are declared "less than effective" by the FDA. DESI drugs and drugs which are classified as "identical, related or similar" are not a benefit of the Medicaid program.