Prescribed Drugs

Provider Manual

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CHAPTER III. PROVIDER-SPECIFIC POLICIES

A. GENERAL PHARMACY GUIDELINES

This manual gives general information about Medicaid drug coverage and billing policies. For more detailed information, see the following websites:

www.iadur.org	Drug Utilization Review (DUR) Commission
www.dhs.iowa.gov/ime/about	Iowa Medicaid Enterprise (IME)
www.iowamedicaidpdl.com	Pharmaceutical and Therapeutics (P&T) Committee and Preferred Drug List (PDL)
www.mslc.com/Iowa	Pharmacy Reimbursement
www.iowamedicaidpos.com	Point of Sale (POS) system for pharmacy claims

1. Definitions

340B Program means the federal 340B Drug Pricing program as set forth in Section 340B of the Public Health Service (PHS) Act (1992) and managed by Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs (OPA). The program allows certain designated facilities to purchase prescription medications at discounts, so these facilities can offer some medications to their patients at reduced prices.

340B Actual acquisition cost (340B AAC) means the net cost of a drug paid by a pharmacy for drugs purchased through the 340B drug pricing program. A drug's 340B AAC includes discounts, rebates, chargebacks and other adjustments to the price of the drug, but excludes dispensing fees.

340B Covered entity (CE) means facilities and programs listed in the 340B statute as eligible to purchase drugs through the 340B program and appear on the HRSA 340B database.

340B Contract pharmacies means a pharmacy under contract with a CE that lacks its own pharmacy. The contract pharmacy is authorized to dispense 340B-discounted drugs on behalf of the CE.

Active Pharmaceutical Ingredient (API) means any substance that is intended for incorporation into a finished drug product and is intended to furnish pharmacological activity or other direct effect in the diagnosis, cure, mitigation, treatment, or prevention of disease, or to affect the structure or any function of the body pursuant to 21 CFR 207.1. Active pharmaceutical ingredient does not include intermediates used in the synthesis of the substance.

Average actual acquisition cost (average AAC) means the average prices that retail pharmacies paid to acquire drug products.

Compendium of drug information means one of the following:

- The American Hospital Formulary Service Drug Information (AHFS);
- The United States Pharmacopeia Drug Information (USP-DI) (or its successor publications); or
- DRUGDEX Information System.

DESI drugs means drug products identified by the federal Food and Drug Administration, in the Drug Efficacy Study Implementation Program, as lacking substantial evidence of effectiveness.

Drug rebates means payments provided by pharmaceutical manufacturers to state Medicaid programs under the terms of the manufacturers' agreements with the Department of Health and Human Services or with the individual state.

Drug utilization review (DUR) means a quality review of covered outpatient drugs that assures that prescriptions are appropriate, medically necessary, and not likely to result in adverse medical outcomes.

Drug Utilization Review Commission means a quality assurance body of nine members that seeks to improve the quality of pharmacy services and ensure rational, cost-effective medication therapy for Medicaid members in Iowa. The website for the Commission is www.iadur.org.

Equivalent products means those products that meet therapeutic equivalence standards as published in the federal Food and Drug Administration document, *Approved Prescription Drug Products with Therapeutic Equivalence Evaluations*.

Excipient means an inactive substance used in drug compounding.

Federal upper limit (FUL) means the maximum allowable reimbursement set by the Centers for Medicare and Medicaid Services for a multiple-source drug. The list is available at the federal pharmacy reimbursement website: https://www.medicaid.gov/medicaid/prescription-drugs/federal-upper-limits/index.html

Fee-for-Service (FFS) means providers bill Iowa Medicaid directly for prescriptions they provide to FFS members.

Grandfather clause means a clause creating an exemption based on previously existing circumstances. The Pharmaceutical and Therapeutics Committee considered select therapeutic classes for grandfathering existing drug regimens. For claims processing, "drug history" means the most recent 90-day period. If a patient has a history with a specific drug within these classes, the prescriber is not required to obtain prior authorization even if the drug has a nonpreferred status on the Preferred Drug List.

Legend drugs are drugs that bear the federal caution: "Federal Law Prohibits Dispensing a Drug Without a Prescription."

Less than effective drug or **DESI drug** means a drug for which:

- The Food and Drug Administration (FDA) has withdrawn approval of the drug application for safety or efficacy reasons as a result of the drug efficacy study implementation (DESI) review; or
- The secretary of the U.S. Department of Health and Human Services has issued a notice of a hearing under section 505(e) of the federal Food, Drug, and Cosmetic Act on a proposed order to withdraw approval of the drug application because the secretary has determined that the drug is less than effective for some or all of the conditions of use prescribed, recommended, or suggested in the drug's labeling.

Medicaid Carve-In means a 340B entity has elected to use drugs purchased at 340B prices to bill for Medicaid patients. If an entity chooses to use 340B drugs to bill Medicaid, it must indicate this on the Medicaid Exclusion File and list the appropriate Medicaid provider numbers or NPIs.

Medicaid Carve-Out means a 340B entity has elected to use non-340B drugs to bill for Medicaid patients. Entities may choose to do this so they can receive regular Medicaid reimbursement.

Medically accepted indication means any use for a covered outpatient drug which is approved under the federal Food, Drug, and Cosmetic Act, or the use of which is supported by one or more citations included or approved for inclusion in any of the compendia described in section 1927(g)(1)(B)(i) of the Social Security Act.

National drug code (NDC) means the eleven-digit number the manufacturer or labeler assigns to a pharmaceutical product and attaches to the product container at the time of packaging that identifies the product's manufacturer, dose form and strength, and package size.

Nonpreferred drug means a drug on the Preferred Drug List that requires prior authorization, with the primary criteria being failure on the preferred agents rather than clinical guidelines. A nonpreferred drug is designated "N" on the Preferred Drug List.

Nonprescription drugs or **over-the-counter (OTC) drugs** means drugs that may be lawfully sold without a prescription.

Nonrecommended drug means a drug placed on a voluntary list designed to inform prescribers of cost-effective alternatives and, if used, will be more costly to the Medicaid program. The drug does not require a prior authorization unless a number is in the comments column to indicate a prior authorization is required. A nonrecommended drug is designated "NR" on the Preferred Drug List.

Pharmaceutical and Therapeutics (P&T) Committee means a committee of nine members appointed by the Governor that is charged with developing and providing ongoing review of the Preferred Drug List pursuant to Iowa Code section 249A.20A.

Preferred drug means a drug on the Preferred Drug List that provides medical equivalency to the Medicaid member in a cost-effective manner (by virtue of OBRA '90 and Supplemental Rebate) and does not require a prior authorization. A preferred drug is designated "P" on the Preferred Drug List.

Preferred Drug List (PDL) means a list comprised of drugs recommended to the Iowa Department of Human Services by the Iowa Medicaid Pharmaceutical and Therapeutics Committee that have been identified as being therapeutically equivalent within a drug class and that provide cost benefit to the Medicaid program.

Preferred drug with conditions means a drug is a "preferred" agent but before getting the drug a patient must meet medical criteria and guidelines that coincide with current prior authorization criteria. A preferred drug with conditions is designated "P" on the Preferred Drug List and has a number in the comments column to indicate a prior authorization is required, as defined on the first page of the Preferred Drug List (PDL).

Prior authorization (PA) means obtaining approval for a drug before the drug is provided to a member, as a precondition for provider reimbursement. Prior authorization is requested at the prescriber level and is primarily a prescriber fax-only system using the forms provided by the Iowa Medicaid Enterprise.

Professional dispensing fee means payment provided for the costs incurred by a pharmacy to dispense a drug. The fee reflects the pharmacist's professional services and costs associated with ensuring that possession of the appropriate covered outpatient drug is transferred to a Medicaid member.

Prospective drug utilization review (Pro-DUR) means a process in which a request for a drug product for a particular patient is screened for potential drug therapy problems before the product is dispensed.

Recommended drug means a drug placed on a voluntary list designed to inform prescribers of cost-effective alternatives and, if used, will result in a cost savings to the Medicaid program. The drug does not require a prior authorization unless a number is in the comments column to indicate a prior authorization is required. A recommended drug is designated "R" on the Preferred Drug List.

Recommended drug list (RDL) means a voluntary list of drugs recommended to the Department of Human Services by the Iowa Medicaid Pharmaceutical and Therapeutics Committee that informs prescribers of cost-effective alternatives that do not require a prior authorization unless otherwise indicated in the comments column. The RDL is a component of the PDL.

Retrospective drug utilization review (Retro-DUR) means the process in which patient drug utilization is periodically reviewed to identify patterns of fraud, abuse, gross overuse, or inappropriate or unnecessary care.

Usual and customary charge means the fee that the provider typically charges the general public for the product or service.

Wholesale Acquisition Cost (WAC) represents the cost reported to Medi-Span by a manufacturer (updated in a number of ways) at which wholesalers purchase drug products from that manufacturer.

2. Entities Involved in Developing Medicaid Drug Policies

a. Drug Utilization Review Commission

The Iowa Medicaid Drug Utilization Review (DUR) Commission, established pursuant to Iowa Code section 249A.24, is a quality assurance body of ten members that seeks to improve the quality of pharmacy services and ensure rational, cost-effective medication therapy for Medicaid members in Iowa.

This Commission meets four times a year in a public forum. The Commission discusses potential medications or therapeutic classes where prior authorization may be beneficial, and discusses existing criteria to determine if the criteria continue to be therapeutically valid.

b. Pharmaceutical and Therapeutics Committee

The Pharmaceutical and Therapeutics (P&T) Committee was established pursuant to Iowa Code section 249A.20A. The P&T Committee has nine members appointed by the Governor for a two-year term. The Committee meets three times a year in a public forum.

The P&T Committee is charged with developing and providing ongoing review of the Preferred Drug List (PDL). The PDL is a list of drugs that have been identified as being therapeutically equivalent within a drug class and that provide cost benefit to the Medicaid program.

The PDL was created in an effort to select medications for use by the members of Iowa Medicaid that are both clinically sound and cost-effective. The Department of Human Services is attempting to contain Medicaid drug expenditures while ensuring that members' access to effective drug solutions are preserved.

The P&T Committee's focus is maximizing the initial utilization of the most cost-effective clinical choices available. All drug manufacturers have been given the opportunity to state the therapeutic benefit of their drugs and to reduce the net cost to the state through a supplemental rebate program.

The Committee has reviewed each product within a therapeutic class for:

- Pharmacology,
- Indications,
- Comparative clinical trials,
- Adverse effects and safety,
- Evaluated relative cost of each product, and
- Compared products within the same class to identify the most clinically effective, cost efficient product in each class.

By first considering the therapeutics and then the cost, the P&T Committee ultimately decides which drugs to recommend to the Iowa Medicaid program as "preferred."

The P&T Committee holds public meetings, with public notice of its agenda and opportunity for public comment. The website for the Committee is www.iowamedicaidpdl.com.

3. Pharmacies Eligible to Participate

Under the Iowa Medicaid program, drugs must be furnished by a licensed pharmacy enrolled as a Medicaid provider. (The Board of Pharmacy Examiners issues these licenses.)

a. Licensure

Participating retail pharmacies must be licensed in the state of Iowa or duly licensed in another state. Out-of-state retail pharmacies delivering, dispensing, or distributing drugs by any method to an ultimate user physically located in Iowa must be duly licensed by Iowa as a nonresident pharmacy for that purpose.

b. Survey Participation

As a condition of participation, retail pharmacies are required to make available drug acquisition cost invoice information, product availability information if known, dispensing cost information, and any other information deemed necessary by the Department to assist in monitoring and revising reimbursement rates pursuant to 441 IAC 79.1(8) or for the efficient operation of the pharmacy benefit.

- A pharmacy shall produce and submit all requested information in the manner and format requested by the Department or its designee at no cost to the Department or its designee.
- A pharmacy shall submit information to the Department or its designee within the time frame indicated following receipt of a request for information unless the Department or its designee grants an extension upon written request of the pharmacy.
- Any dispensing or acquisition cost information submitted to the Department that specifically identifies a pharmacy's individual costs shall be held confidential.

4. Pharmacist Responsibilities

a. Prospective Drug Utilization Review

Pharmacists shall review patient drug therapy at the point of sale to screen for potential drug therapy problems, following a prospective drug use review pursuant to rule 657 Iowa Administrative Code 8.21(155A), due to:

- Therapeutic duplication
- Drug-disease contraindications
- Drug-drug interactions
- Incorrect drug dosage or duration
- Drug-allergy interactions
- Clinical abuse or misuse

b. Dispensing Requirements

Pharmacists are required to:

- Dispense drugs in accordance with cost and quantity requirements established by state law.
- Dispense the **least costly item** in stock that meets the order of the doctor or other practitioner, as shown on the prescription.
- Pharmacies must bill once each month for the month's supply, or once every three months for the three month supply of contraceptives.

- Develop and implement policies and procedures for delivery of prescriptions in accordance with state law, including:
  - Establishment of effective controls against diversion of prescription drugs, as required by Iowa Code § 155A.15(2)(i); and
  - Policies and procedures regarding shipment or other delivery to ensure accountability, safe delivery, and compliance with temperature requirements, as required by 657 Iowa Administrative Code 8.15(2).
  - Maintain a record documenting receipt and delivery of the covered outpatient prescribed drug to the Medicaid member or the member's representative, as required by 441 IAC 79.3(1)"a"(2) and 79.3(2)"c"(3).

c. Patient Counseling

Pharmacists must offer to discuss with each Medicaid member or the member's caregiver presenting a prescription those matters that, in the pharmacist's professional judgment, will enhance or optimize drug therapy. Appropriate elements of patient counseling may include:

- The name and description of the drug
- The dosage form, dose, administration route and duration of therapy
- The intended use of the drug, if known and expected action
- Directions and precautions for preparation, administration, and use
- Common severe side or adverse effects or interactions and therapeutic contraindications that may be encountered, including their avoidance and the action required if they occur
- Techniques for self-monitoring drug therapy
- Proper storage
- Prescription refill information, including the approximate date when refill will be allowed (generally, 90 percent of the prescription is used)
- Actions to be taken in the event of a missed dose
- Comments relevant to the patient's drug therapy, including any other information peculiar to the specific patient or drug

Patient counseling is required in accordance with federal law at 42 USC Section 1396r(g)(2)(A)(ii)(I) and state rules at 657 Iowa Administrative Code 6.14(155A).

d. Reason for Denial

The pharmacist should explain the reason for any **denial** of a requested drug or item to the member or caregiver. For example, denial could be due to one of the following:

- **Noncovered drug or item**. Explain why the drug or item is not covered and suggest alternatives to the member, caregiver, or practitioner.
- **Prior authorization requirement**. Explain the prior authorization process and requirements to the member or caregiver.

  When a patient presents a prescription for nonpreferred drug at a pharmacy and it is denied, contact the prescriber and ask if the prescriber wishes to choose a preferred drug.

  - If the prescriber wishes to change to a preferred drug, the prescriber may dictate the new prescription order.
  - If the prescriber views that the nonpreferred drug is medically necessary, the prescriber must obtain prior authorization.
- **Refill too soon**. Inform the member or caregiver of an approximate date the prescription can be refilled (after 90 percent of the previous supply is used).

  In special circumstances, such as a change in dose, travel, or lost, stolen or destroyed medication, that result in an early refill, contact the IME Pharmacy Point of Sale (POS) Unit at (515) 256-4608 (local calls) or 877-463-7671 with the information. This information will be reviewed to determine if an override can be given to allow payment.

  - Non-controlled medications that are lost, stolen or destroyed after delivery to the member are limited to a one time override allowance per 12 month period. Overrides for the first occurrence of a lost, stolen or destroyed medication can be obtained by contacting the IME Pharmacy Point of Sale (POS) Unit at (515) 256-4608 (local calls) or 877-463-7671.

- Requests exceeding the one time override allowance for non-controlled medications that are lost, stolen or destroyed after delivery to the member may be considered with additional documentation. Such requests involving stolen medications must include a copy of a police report.
- Override of refill too soon will not be allowed for controlled substances and/or tramadol containing products that are lost, stolen, or destroyed after delivery to the member.
- Override of refill limits will not be allowed for members residing in a long term care (LTC) facility.
- Prescription drugs that are not received by the member because they are lost or stolen in transit, before actual delivery to the member, or that are received in damaged or unusable condition will not be replaced through override of refill too soon. The original claim for the drug that was not properly delivered to the member should be reversed and a new claim for a replacement can then be submitted.

♦ **Plan limits exceeded**. Refer to the limits list posted on the website, www.iowamedicaidpdl.com, under "Billing/Quantity Limits." The number of doses should be reduced to meet the quantity limit.

If there are special circumstances where adherence to the quantity limit is not possible, the prescriber should complete form 470-4556, *Quantity Limit Override*, or form 470-5038, *Request for Fifteen Day Initial Prescription Supply Override*, and fax it to 1-800-574-2515. The clinical staff will review the information submitted and determine if an override can be given to allow payment.

If the member or caregiver is not satisfied with the explanation of the reason for a denial, refer the person to the member's DHS worker for assistance in filing an appeal or requesting an exception to policy. Appeal and exception requests may be filed on line through the following website: http://dhs.iowa.gov/appeals.

5. Drug Use Review

The drug use review (DUR) process was established to fulfill a federal requirement established by the federal Omnibus Budget Reconciliation Act of 1990. Iowa Medicaid has implemented both of the required DUR types:

- **Prospective drug utilization review** occurs when the pharmacist does the review of patient drug therapy at the point of sale. See Pharmacist Responsibilities.
- **Retrospective drug utilization review** occurs when the review takes place after the point of sale.

The retrospective DUR program provides ongoing periodic examination of claims data and other records in order to identify patterns of fraud, abuse, gross overuse, or inappropriate or medically unnecessary care among physicians, pharmacists, and members, or associated with specific drugs.

B. COVERAGE OF SERVICES

Payment will be made for legend and nonprescription drugs when prescribed by a practitioner who is legally qualified to prescribe the item, subject to the limitations described in this manual.

1. Prescription Requirements

Prescription records are required for all drugs as specified in Iowa pharmacy and drug laws, including Iowa Code sections 124.308, 126, 155A.27, and 155A.29.

For Medicaid purposes, prescriptions are required for nonprescription drugs and are subject to the same provisions. This includes the record-keeping requirements on refills. Maintain prescriptions on file in such a manner that they will be readily available for audit by the Department.

Prescriptions executed in writing (nonelectronic) for prescription drugs must be presented on a tamper-resistant pad, as required by Section 1903(i)(23) of the Social Security Act (42 U.S.C. Section 1396b(i)(23)).

a. Prescriber Qualifications

Payment is made for drugs prescribed by a legally qualified enrolled practitioner within the limits prescribed by law and in policies established by the Department.

Prescriptions by a therapeutically certified optometrist are limited to the following:

- Topical and oral antimicrobial agents
- Topical and oral antihistamines
- Topical and oral antiglaucoma agents
- Topical and oral analgesic agents, including controlled substances
- Topical anesthetic agents
- Topical anti-inflammatory agents

b. Prescriber Guidelines

Prescribers should review the therapy of their Medicaid patients for utilization of nonpreferred drugs and wherever medically appropriate, change patients to preferred drugs. New therapy should be initiated on a preferred drug unless a nonpreferred drug is medically necessary.

When a nonpreferred drug is medically necessary, the prescriber should request a prior authorization. See PRIOR AUTHORIZATION REQUIREMENTS for information on criteria for prior authorization and procedures.

In writing prescriptions, when it is not therapeutically contraindicated, the prescriber should prescribe a quantity of prescription medication sufficient for a month's supply. Contraceptives may be prescribed in three month quantities.

2. Drugs Excluded From Coverage

Medicaid payment will **not** be made for:

- Drugs used to cause anorexia, weight gain or weight loss.
- Drugs used for cosmetic purposes or hair growth.
- Drugs used for symptomatic relief of cough and colds, except for nonprescription drugs listed in section B.7.

- Drugs used for fertility purposes or for sexual or erectile dysfunction.
- Drugs prescribed for a use other than the drug's medically accepted use.
- Drugs classified as less than effective by the Centers for Medicare and Medicaid Services.
- Drugs marketed by manufacturers that have not signed a Medicaid rebate agreement.
- Covered outpatient drugs for which the manufacturer seeks to require as a condition of sale that associated tests or monitoring services be purchased exclusively from the manufacturer or designee.

3. Drugs for Medicare Eligibles

Prescription drugs for Medicaid members who also qualify for Medicare (referred to as "dual eligibles") are paid through Medicare Part D effective January 1, 2006. Medicaid does not cover any drugs covered under Medicare Part D for these members.

Iowa Medicaid covers drugs in the following categories for dual eligible members:

- Barbiturates (except when used in the treatment of epilepsy, cancer, or chronic mental health disorder diagnoses)
- Over-the-counter drugs (list posted at www.iowamedicaidpdl.com)
- Prescription vitamin and minerals, except prenatal vitamins and fluoride preparations

Iowa Medicaid will accept only secondary claims for these drugs. Medicaid should be listed as the secondary insurance for all dual eligibles. All claims should be submitted first to the primary insurance (Medicare Part D PDP).

Iowa Medicaid will **not** pay for any Medicare Part B drugs, such as:

- Oral immunosuppressant drugs,
- Inhalation drugs when used with a nebulizer,
- Oral chemotherapy drugs,
- Oral anti-emetic drugs,
- Blood clotting factors, or
- Epoetin.

A drug for which coverage is available to a dual eligible under Medicare Part A or Part B must be billed to Medicare Part A or Part B.

4. Preferred or Recommended Drugs

Drug products designated on the Preferred Drug List as "P" (preferred) or "R" (recommended) do not require prior authorization unless the drug has a number in the comments column to indicate a prior authorization is required, as defined on the first page of the Preferred Drug List. See www.iowamedicaidpdl.com for the current designations.

A **preferred drug with conditions** has "preferred" agents but must meet certain medical criteria and guidelines that coincide with current prior authorization guidelines.

5. Nonpreferred Drugs

Drug products designated "N" (nonpreferred) on the Preferred Drug List require prior authorization, with the primary criteria being failure on the preferred agents rather than clinical guidelines. See www.iowamedicaidpdl.com for the current designations.

Drug products within a therapeutic class that are not selected as preferred will be denied for payment unless the prescriber obtains prior authorization. Payment for drugs requiring a prior authorization will be made only when:

- The drugs are prescribed for treatment of one or more conditions set forth for each, and
- The Iowa Medicaid prior authorization criteria have been met, and
- Approval is obtained through the prior authorization process.

EXCEPTION: In the event of an emergency when the prescriber cannot submit a prior authorization request, the pharmacist may dispense a 72-hour supply of the drug, except when noted in policy, and reimbursement will be made.

6. Newly Released Drugs

a. New Drug Entities

New drug entities (including new generic drugs) and new drug product dosage forms of existing drug entities will be identified weekly and immediately be coded as "Nonpreferred – Prior authorization required" until presented at the next scheduled P&T Committee meeting. If the drug category requires step therapy, the step therapy requirements must also be met, treating the new drug as a nonpreferred step 3 drug.

These prior authorization and step therapy restrictions will continue through the review process, including while committee recommendations are being made, and lasting until DHS makes a final determination.

The 72 hour emergency supply may not be available for medications intended for a short duration therapy.

b. Exceptions to the Nonpreferred Default Policy for New PDL Drugs

There are two major potential exceptions to the nonpreferred default policy for new PDL drugs:

- If the FDA classifies a new medication as a priority drug, the state may indicate that such a drug is preferred until the P&T Committee reviews the drug at its next scheduled meeting.
- The state may decide to designate a new drug as "draft preferred" and provide immediate access and increased therapeutic choice to physicians until the P&T Committee reviews the drug at its next scheduled meeting if:
  - A new drug is therapeutically equivalent or superior to existing preferred or nonpreferred choices, and
  - Is as safe or safer than existing preferred or nonpreferred choices, and
  - The net cost, adjusted for all rebates, is less expensive than all existing preferred choices.

c. Existing PDL Drugs With Supplemental Rebates

Although the state discourages supplemental rebate offers on existing PDL drugs between annual bidding periods, it may entertain such bids and may accept them if they:

- Are determined to represent significant additional savings, or
- Would replace a delinquent manufacturer's product or a preferred drug pulled from the marketplace or significantly restricted by the FDA.

This interim preferred status will remain in effect until the P&T Committee reviews the drug at its next scheduled meeting.

Supplemental rebates will be invoiced only for approved drugs under contract. Draft preferred drugs with supplemental rebates will not be invoiced until approved by the Committee and accepted by the state. At that time, the supplemental rebates will be invoiced back to the effective date of the agreement, which is the date the drug began to benefit from preferred status.

7. Nonprescription Drugs

Payment will be made for nonprescription drugs or over-the-counter (OTC) drugs with a prescription, subject to prior authorization requirements as specified in the preferred drug list. These drugs are identified on the Nonprescription (OTC) Prescribed List by Therapeutic Category located on the website www.iowamedicaidpdl.com under the Preferred Drug Lists tab.

Nonprescription drugs cannot be billed to IME Medicaid POS for members residing in Nursing Facilities (NF), Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/ID), and Psychiatric Medical Institutions for Children (PMIC) facilities. These are considered 'stock items' and are to be included in the facility's Medicaid cost report and reimbursed through per diem calculations.

The only exclusions to this policy are as follows:

- OTC insulin: Bill dual eligible member's Medicare Part D plan; for the Medicaid only, bill Medicaid as a POS claim.
- Pseudoephedrine: Since these agents are classified as controlled substances in Iowa, for the dual eligible and Medicaid only, bill Medicaid as a POS claim.

Select nonprescription medications are covered although the manufacturers have not entered into a rebate agreement with CMS. Payment will be made in the same manner as for prescription drugs.

Nonprescription vitamins and minerals may also be payable under conditions specified under PRIOR AUTHORIZATION REQUIREMENTS.

8. Medical Supplies

Pharmacies that dispense medical equipment and supplies should follow the *MEDICAL EQUIPMENT AND SUPPLY DEALER PROVIDER MANUAL*.

C. PRIOR AUTHORIZATION REQUIREMENTS

1. Prior Authorization (PA) Criteria

Refer to the most current PA criteria chart located at http://www.iowamedicaidpdl.com/pa_criteria.

2. Prior Authorization (PA) Forms

PA forms are required for the following and can be found at the links below:

- Age edit override – Codeine or Tramadol
- Alpha$_2$ agonists, extended release
- Alpha$_1$ proteinase inhibitor enzymes
- Amylino mimetic (Symlin)
- Anti-diabetic, non-insulin agents
- Antidepressants
- Antiemetic-5HT3 receptor antagonists/substance P neurokinin products
- Antifungal
- Antihistamines
- Apremilast (Otezla)
- Becaplermin (Regranex)
- Benzodiazepines
- Binge eating disorder agents
- Biologicals for ankylosing spondylitis
- Biologicals for arthritis
- Biologicals for Hidradenitis Suppurativa
- Biologicals for inflammatory bowel disease
- Biologicals for plaque psoriasis
- Buprenorphine/Naloxone (Suboxone)
- Calcifediol (Rayaldee)
- CGRP inhibitors

- Cholic acid (Cholbam)
- Chronic pain syndrome agents
- CNS Stimulants and Atomoxetine
- Concurrent IM/PO antipsychotic use
- Crisaborole (Eucrisa)
- Dalfampridine (Ampyra)
- Deferasirox
- Deflazacort (Emflaza)
- Dextromethorphan and Quinidine (Nuedexta)
- Dornase alfa (Pulmozyme)
- Dupilumab (Dupixent)
- Duplicate Therapy Edits
- Elagolix (Orilissa)
- Eluxadoline (Viberzi)
- Eplerenone (Inspra)
- Erythropoiesis stimulating agents
- Extended release formulations
- Febuxostat (Uloric)
- Fentanyl, short-acting products
- GLP-1 Agonist/Basal Insulin Combinations
- Granulocyte colony stimulating factor agents
- Growth hormones
- Hepatitis C treatments
- High dose opioids
- Idiopathic pulmonary fibrosis
- Immunomodulators, topical
- Insulin, pre-filled pens
- Isotretinoin (oral)
- Ivabradine (Corlanor)
- Ivacaftor (Kalydeco)
- Janus Kinase Inhibitors
- Ketorolac Tromethamine (Toradol)
- Lesinurad (Zurampic)
- Letermovir (Prevymis)
- Lidocaine patch (Lidoderm)
- Linezolid (Zyvox)
- Long acting opioids
- Lumacaftor/Ivacaftor (Orkambi)
- Lupron Depot – adult
- Lupron Depot – pediatric
- Methotrexate injection
- Mifepristone (Korlym)
- Modified formulations

- Multiple Sclerosis-oral agents
- Muscle relaxants
- Narcan (Naloxone) nasal spray
- Narcotic agonist-antagonist nasal sprays
- Nebivolol (Bystolic)
- New-to-market drugs
- Nocturnal Polyuria treatments
- Non-parenteral vasopressin derivatives of posterior pituitary hormone products
- Non-preferred drugs
- Nonsteroidal anti-inflammatory drugs
- Novel oral anticoagulants
- Oral constipation agents
- Oral immunotherapy
- Palivizumab (Synagis)
- PCSK9 inhibitors
- Potassium binders
- Proton pump inhibitors
- Pulmonary arterial hypertension agents
- Quantity limit override
- Repository Corticotropin injection (H.P. Acthar Gel)
- Rifaximin (Xifaxan)
- Roflumilast (Daliresp)
- Sapropterin dihydrochloride (Kuvan)
- Sedative/hypnotics-non-benzodiazepine
- Select oncology agents
- Selected brand-name drugs
- Serotonin 5-HT1 receptor agonists
- Short-acting opioids
- Sodium oxybate (Xyrem)
- Tasimelteon (Hetlioz)
- Testosterone products
- Tezacaftor/Ivacaftor (Symdeko)
- Thrombopoietin receptor agonists
- Topical acne and rosacea products
- Topical antifungals for onychomycosis
- Topical corticosteroids
- Valsartan/Sacubitril (Entresto)
- Vesicular Monamine Transporter (VMAT) 2 inhibitors
- Vitamins, minerals and multiple vitamins
- Vorapaxar (Zontivity)
- Vusion ointment

The enrolled prescriber requests prior authorizations, not the pharmacy. The process is primarily a **prescriber fax-only system** using the forms provided by the Iowa Medicaid Enterprise. The prescriber must request prior authorization by faxing the designated *Request for Prior Authorization* form to **800-574-2515**.

ditional prior authorization submission options include mail and electronic submission through the pharmacy provider portal.

- Mail: The prescriber should mail the prior authorization request to: Iowa Medicaid Enterprise, Pharmacy Medical PA, 611 Fifth Ave, Des Moines, Iowa, 50309.
- Pharmacy Provider Portal: This is a web-based tool that allows prescribers to create and submit a web prior authorization. Prescribers should contact the Iowa Medicaid Prior Authorization Helpdesk at (515) 256-4607 (local calls) or 877-776-1567 for additional information.

Requests require the information on the applicable *Request for Prior Authorization* form, as noted in each subsection. Prior authorization forms may be obtained:

- From the website http://www.iowamedicaidpdl.com/pa_forms or
- By calling the drug prior authorization help desk at (515) 256-4607 (local calls) or 877-776-1567. (Requests for prior authorizations will **not** be taken at this number.)

The IME Drug Prior Authorization Unit will consider other conditions as listed in the compendia on an individual basis after reviewing documentation submitted regarding the medical necessity.

3. Completing a Prior Authorization Request

Each category of prior authorization uses a specific request form to reflect the criteria for approval. The following instructions refer to items common to all *Requests for Prior Authorization*.

IA MEDICAID MEMBER ID #: Copy this number directly from the member's *Medical Assistance Eligibility Card*. This number must be eight positions in length (seven numeric digits and one alphabetical character).

PATIENT NAME: Provide the first and last name of the member. Use the *Medical Assistance Eligibility Card* for verification.

DATE OF BIRTH (DOB): Copy the member's date of birth directly from the *Medical Assistance Eligibility* Card. Use two digits for each: month, day, year (i.e., 04/11/67).

PATIENT ADDRESS: Enter the member's home address.

PRESCRIBER NUMBER: Enter the national provider identifier (NPI) of the prescribing practitioner.

PRESCRIBER NAME: Enter the name of the enrolled prescribing practitioner.

PRESCRIBER PHONE NUMBER: Enter the prescriber's office phone number.

PRESCRIBER ADDRESS: Enter the prescriber's office address.

PRESCRIBER FAX NUMBER: Enter the prescribing practitioner's office FAX number.

PHARMACY NAME: Enter the name of the pharmacy where the prescription will be filled.

PHARMACY ADDRESS: Enter the street address and city of the pharmacy.

PHARMACY PHONE NUMBER: Enter the phone number of the pharmacy.

PHARMACY NPI: Enter the pharmacy national provider identifier (NPI) number.

NDC: If available, enter the National Drug Code of the product being requested.

DRUG NAME: Provide the complete drug name of the product being requested.

STRENGTH: Enter the strength of the drug being requested.

DOSAGE INSTRUCTIONS: Enter the instructions for use for the requested product.

QUANTITY: Enter the quantity on the prescription (cannot exceed a one-month supply).

DAYS SUPPLY: Enter the number of days' supply requested (cannot exceed a one-month supply).

LENGTH OF THERAPY ON PRESCRIPTION (DATE RANGE): Provide an estimate of the duration of therapy. The prior authorization period granted will be subject to adjustment by the reviewer according to established criteria and individual consideration.

DIAGNOSIS: Enter the patient's diagnosis relevant to the requested product.

PREVIOUS THERAPY: Enter drug names, strengths, dosage instructions, and exact date ranges of other medications that have previously been tried and failed by patient.

PERTINENT LAB DATA: Enter any laboratory 909 data that may affect the outcome of this request.

OTHER MEDICAL CONDITIONS TO CONSIDER: Enter any other medical conditions the patient has that may help the Prior Authorization Unit make a decision.

POSSIBLE DRUG INTERACTIONS/CONFLICTING DRUG THERAPIES: If the patient is taking any other medications that may negatively affect the requested product, list them here.

PRESCRIBER SIGNATURE: The prescriber must sign the form and the signature must match the prescriber name listed at the top of the request form.

DATE OF SUBMISSION: Enter the date the prior authorization request was submitted.

4. Submitting a Prior Authorization Request

Completed drug prior authorization requests must be submitted **via FAX** to the IME Drug Prior Authorization Unit at 800-574-2515.

Regular working hours for the provider help desk are Monday through Friday, 8:00 a.m. to 5:00 p.m.

State-recognized holidays are as follows:

- New Year's Day
- Martin Luther King Jr.'s birthday
- Memorial Day
- Independence Day
- Labor Day
- Veterans' Day
- Thanksgiving Day
- The Friday following Thanksgiving
- Christmas Day

Under the Health Insurance Portability and Accountability Act, there is an electronic transaction for prior authorization requests (278 transaction). However, there is no standard to use in submitting additional documentation electronically.

Therefore, if you submit a prior authorization request electronically, you must submit the additional documentation on paper using the following procedure:

- Complete form 470-3970, *Prior Authorization Attachment Control*. To view a sample of this form on line, click here.

  Complete the "attachment control number" with the same number submitted on the electronic prior authorization request. IME will accept up to 20 characters (letters or digits) in this number. If you do not know the attachment control number for the request, please contact the person in your facility responsible for electronic claims billing.

- **Staple** the additional information to the *Prior Authorization Attachment Control*.

- **Fax** the form with attachments to the Prior Authorization Unit at 800-574-2515 **or mail** the information to:

  Iowa Medicaid Enterprise
  PO Box 36478
  Des Moines, IA 50315

Once IME receives the paper attachment, it will manually be matched up to the electronic claim using the attachment control number and then processed.

5. Prior Authorization Response

The pharmacist reviewer will make a decision and respond within 24 hours of the request. In evaluating requests for prior authorization, the reviewer will consider the drug from the standpoint of published criteria only.

If a prior authorization request is denied, a letter of denial will be faxed to both the prescriber and the pharmacy. A letter of denial will be mailed to the member.

Upon approval of a prior authorization request, a letter of approval will be faxed to the prescriber and the pharmacy indicating the prior authorization number and dates of authorization.

NOTE: When approval of a request is granted, this does not indicate validity of the prescription, nor does it indicate that the member continues to be eligible for Medicaid. If you are not billing on the point-of-sale system, it is your responsibility to establish that the member continues to be eligible for Medicaid, either by:

- Calling the eligibility verification system (ELVS) at (515) 323-9639 (local calls) or 800-338-7752; or
- Checking the IME web portal; http://www.edissweb.com

D. BASIS OF PAYMENT FOR DRUGS

The amount of payment for drugs is based on several factors, in accordance with 441 IAC 79.1(8) and upper limits in 42 CFR 447.500 to 447.520.

340B actual acquisition cost (340B AAC) means the net cost of a drug paid by a pharmacy for drugs purchased through the 340B drug pricing program. A drug's 340B AAC includes discounts, rebates, chargebacks, and other adjustments to the price of the drug, but excludes dispensing fees.

Average actual acquisition cost (average AAC) is defined as retail pharmacies' average prices paid to acquire drug products.

- Average AAC is determined by the Department based on a survey of invoice prices paid by Iowa Medicaid retail pharmacies.
- Surveys are conducted at least once every six months, or more often at the Department's discretion.
- The average AAC is calculated as a statistical mean based on one reported cost per drug per pharmacy. The average AAC determined by the Department is published on the Iowa Medicaid Enterprise website.
- If no current average AAC has been determined for a drug, the wholesale acquisition cost (WAC) published by Medi-Span is used.

Federal upper limit (FUL) is defined as the upper limit for multiple-source drugs established in accordance with the methodology of the Centers for Medicare and Medicaid Services, as described in 42 CFR 447.514.

For drugs with no established FUL, the Department determines the allowable average actual acquisition cost in accordance with the provisions of federal drug regulation 42 CFR 447.512. This basis of payment is also applicable to compounded prescriptions.

Professional dispensing fee is added to the ingredient cost to cover the pharmacist's professional services and costs associated with transferring the drug to a Medicaid member. The dispensing fee is set based on cost of dispensing surveys of Iowa Medicaid participating pharmacies.

1. Reimbursement Effective April 1, 2017

The Medicaid program relies on information published by **Medi-Span** to classify drugs as brand or generic.

a. Generic and Nonprescription Drugs

For covered **generic** prescription drugs and for covered **nonprescription** drugs shall be the lowest of the following, as of the date of dispensing:

- Average actual acquisition cost (average AAC) plus the professional dispensing fee.
- The federal upper limit (FUL) plus the professional dispensing fee.
- The total submitted charge (represented by the lower of gross amount due as defined by the National Council for Prescription Drug Programs (NCPDP) standards definition, or the ingredient cost submitted plus the state defined professional dispensing fee).
- The provider's usual and customary charge to the general public.

b. Brand-Name Drugs

For covered **brand-name** prescription drugs shall be the lowest of the following, as of the date of dispensing:

- Average AAC plus the professional dispensing fee.
- The total submitted charge (represented by the lower of gross amount due as defined by the NCPDP standards definition, or the ingredient cost submitted plus the state defined professional dispensing fee).
- The provider's usual and customary charge to the general public.

c. 340B Purchased Drugs

Reimbursement to a covered entity as defined in 42 U.S.C. 256b(a)(4) for covered outpatient drugs acquired by the entity through the 340B drug pricing program will be the lowest of:

- The submitted 340B covered entity actual acquisition cost (not to exceed the 340B ceiling price), submitted in the ingredient cost field, plus the professional dispensing fee,
- Average AAC plus the professional dispensing fee,
- For generic prescription drugs and nonprescription drugs only, the FUL plus the professional dispensing fee,
- The total submitted charge (represented by the gross amount due as defined by the NCPDP standards definition), or
- The provider's usual and customary charge to the general public.

d. Federal Supply Schedule (FSS) Drugs

Reimbursement for drugs acquired by a provider through the FSS program managed by the federal General Services Administration will be the lowest of:

- The provider's actual acquisition cost (not to exceed the FSS price), submitted in the ingredient cost field, plus the professional dispensing fee,
- Average AAC plus the professional dispensing fee,
- For generic prescription drugs and nonprescription drugs only, the FUL plus the professional dispensing fee,
- The total submitted charge (represented by the gross amount due as defined by the NCPDP standards definition), or
- The provider's usual and customary charge to the general public.

e. Nominal Price (NP) Drugs

Reimbursement for drugs acquired by providers at nominal prices and excluded from the calculation of the drug's "best price" pursuant to 42 CFR 447.508 will be the lowest of:

- The provider's actual acquisition cost (not to exceed the NP price), submitted in the ingredient cost field, plus the professional dispensing fee,
- Average AAC plus the professional dispensing fee,
- For generic prescription drugs and nonprescription drugs only, the FUL plus the professional dispensing fee,
- The total submitted charge (represented by the gross amount due as defined by the NCPDP standards definition), or
- The provider's usual and customary charge to the general public.

f. Indian Health Facilities

Indian health facility pharmacies are paid a special daily rate for all Medicaid-covered services rended to American Indian or Alaskan native persons who are Medicaid-eligible. The pharmacies should bill at their usual and customary charge. Pharmacy claims will be paid at one pharmacy encounter rate payment per date of service.

2. Drugs Subject to Federal Upper Limit (FUL)

a. FUL Development

The Centers for Medicare and Medicaid Services (CMS) establishes federal upper limits (FUL) for reimbursement for multiple-source drugs. These reimbursement levels are updated periodically and are available on the Centers for Medicare and Medicaid Services web page at https://www.medicaid.gov/medicaid/prescription-drugs/federal-upper-limits/index.html.

b. Reimbursement for FUL Drugs

For the drug groups on the Preferred Drug List where brand-name products are preferred over generic products, the FUL rate will continue to apply when the generic version of the drug is dispensed.

However, the payment for preferred brand name products (which no longer require prior authorization before dispensing) equals the lower of the average acquisition cost (average AAC) or the submitted charges, as opposed to the FUL rate.

Nonpreferred brand products require prior authorization before dispensing. If authorized, payment equals the lower of the the average acquisition cost (average AAC) or the submitted charges, as opposed to the FUL rate with a prior authorization. The DAW=1 is no longer required for brand reimbursement.

Prior authorization is required for selected brand-name drugs as determined by the Department for which there is available, an "A" rated bioequivalent generic product as determined by the federal Food and Drug Administration.

For prior authorization to be considered, evidence of a treatment failure with the bioequivalent generic drug must be provided. A copy of a completed form 470-4119, *Request for Prior Authorization: Selected Brand Name Drugs*, shall be considered as evidence of treatment failure.

The list of selected brand-name drugs includes the drugs on the Federal Upper Limit (FUL) list at http://www.mslc.com/Iowa/AACList.aspx. Prior authorization **is not required** for brand name drugs that have been designated by the Department as **preferred** (payable) under the Iowa Medicaid Preferred Drug List (PDL).

3. Reimbursement for Unit-Dose Packaging

Additional reimbursement of one cent per dose shall be added to the allowable ingredient cost of a prescription for an oral solid if the drug is dispensed to a patient in a nursing home in unit dose packaging prepared by the pharmacist. Unit-dose reimbursements are permitted only for patients with Plan 300 eligibility.

Claim the additional reimbursement by placing a "3" in "Unit Dose Indicator" (field 429-DT) for electronic claims, as explained under Point of Sale Claim Submission, or a "09" in the Basis Cost (field 80) on the paper claim form, as explained under Paper Claim Submission. The additional reimbursement will be automatically added, possibly resulting in reimbursement that is higher than your submitted charge.

Credits: Payment may be made only for unit-dose-packaged drugs that are **consumed** by the patient. Any previous charges for intact unit-dose packages returned to the pharmacy must be credited to the Medicaid program. Such credits may be shown on future billings. If no additional billings are to be made, direct a refund in the drug cost component.

In accordance with state and federal law, proper crediting to Iowa Medicaid is **required** for the return of unused medications upon therapy discontinuation or a member's discharge, transfer, or death.

Both the long-term-care pharmacy and the nursing facility are subject to financial review by the state to ensure that medications are being returned to the pharmacy when permitted by state and federal law and proper credits are applied to the Iowa Medicaid program.

4. Reimbursement for Vaccinations

a. Vaccine for Children (VFC) Program

In order for pharmacies who administer VFC influenza vaccinations for children age 18 and under to be reimbursed:

- Pharmacy must be enrolled in the VFC Program through the Iowa Department of Public Health and follow that process to qualify.
- Pharmacy must meet the Iowa Board of Pharmacy requirements to administer.
- Pharmacy must bill only for administration of influenza vaccinations. Claims must be submitted on a CMS 1500 claim form with appropriate codes. Reimbursement will be based on the physician fee schedule. No payment is made for the vaccine.

For more information, see the Iowa Department of Public Health web page: http://www.idph.iowa.gov/immtb/immunization

b. Other Vaccines

Reimbursement for vaccines is made in the same manner as for other prescription drugs. When administered by the pharmacy meeting the Iowa Board of Pharmacy requirements, no administration fee is paid.

E. BILLING SYSTEM

Iowa Medicaid Enterprise provides for on-line, real-time processing of Medicaid pharmacy claims. Through electronic submission, you are able to submit claims more accurately. You also receive your Medicaid payments sooner than if you submitted paper claims.

Point-of-sale (POS) transactions are handled by the Iowa Medicaid Enterprise Pharmacy Point of Sale (POS) Unit. POS will handle the overrides for prospective drug utilization review edits such as high dose, therapeutic duplication, refill too soon, excessive days supply, dose consolidation, duplicate claim, or immunosuppressant drugs.

Providers that wish to exercise the point of sale billing option must complete the Iowa DHS Point of Sale Agreement. Please visit www.iowamedicaidpos.com to complete this agreement. You may call the (Point of Sale) POS Helpdesk at 877-463-7671 or locally at 515-256-4608.

1. Point of Sale Claim Submission

For point-of-sale (POS) submitters, refer to your POS Payer Sheet for claim submission instructions explanation of the data fields for the electronic billing format. (To view the instruction on line, click here.)

The Afforable Care Act (ACA) requires that providers who prescribe or are indicated as a referring provider on a Medicaid claim must be enrolled as a participating provider in the program. Pharmacy claims submitted with a National Provider Identifier (NPI) that is not enrolled with the Iowa Medicaid program will be denied. Providers may contact Provider Services at 800-338-7909 or 256-4609 (local) for questions regarding provider enrollment.

The Iowa Medicaid Enterprise eliminated the procedure of paying pharmacy claims and then billing the primary insurance company on behalf of the members (“pay and chase”) effective January 16, 2007, except for children under age 21 and pregnant women.

- **For members under age 21**, pharmacy claims may be processed through Pharmacy Point of Sale System with Iowa Medicaid as the primary insurer.

- **For members who are pregnant**, bill claims through the Pharmacy Point of Sale System with Iowa Medicaid as the primary insurer. To get a $0.00 copayment, enter code "2" in the pregnancy indicator code field (NCPDP field 335-2C).
- For **all other** Medicaid members with other prescription insurance, that insurance is primary and Medicaid is secondary.
  - Ask the member for the primary prescription insurance card.
  - If a member has primary pharmacy insurance, submit the claim to the primary insurance first and then the copay to Medicaid last, using a "8" in the OTHER COVERAGE CODE field (field 308-C8).
  - If a member has primary pharmacy insurance and the claim is not covered by the primary insurance, submit the claim to Medicaid using a "3" in the OTHER COVERAGE CODE field (field 308-C8).
  - If a member has Iowa Medicaid pharmacy insurance only (or does not have the primary prescription insurance information), enter a "1" in the OTHER COVERAGE CODE field (field 308-C8).

a. Claims Rejected Due to Other Insurance Coverage

When a claim is submitted with a blank field or a zero in the OTHER COVERAGE CODE field but the Iowa Medicaid eligibility file has third-party liability (TPL) information, the Medicaid claim will be denied and you will receive a rejection code of 41, "Submit to Primary Payer."

The Point-of-Sale System will give the policy number and the type of coverage. Most times the insurance company name is given. However, for the less common companies, a code is given in place of the name.

Use the primary prescription insurance billing information to bill the primary insurance. If necessary, you may contact the IME Provider Services for the name and address of the health insurance company.

After billing the other company, resubmit the claim with one of the following codes the OTHER COVERAGE CODE field:

- Use code **1** if the member states that there is no other insurance coverage. If the claim has already been rejected with a reject code of 41 "Submit to Primary Payer," Iowa Medicaid's eligibility file conflicts with the primary third-party insurance company's information. See Correction of Insurance Information.

- Use code **3** if other coverage does exist but the drug is not covered under the primary insurance plan.
- Use code **8** when payment is not collected. Example: The primary third-party insurance is 100 percent major medical.

b. Correction of Insurance Information

The Department makes every attempt to keep current data regarding other insurance Medicaid members may have. However, if the primary insurance is no longer valid or has changed, the Department's records need to be corrected. The pharmacy can facilitate this in one of three ways:

- Instruct the client to notify the Department; or
- Complete form 470-2826, *Insurance Questionnaire,* available on the IME website (http://dhs.iowa.gov/ime/providers/forms), and FAX the form to Revenue Collections at (515) 725-1352; or
- Notify the Department by e-mailing Revcoll@dhs.state.ia.us or by calling (515) 256-4619 (local) or 1-866-810-1206. The minimum information necessary for insurance carriers to verify the other insurance coverage is the following:
  - Member last name
  - Member first name
  - State identification number or social security number
  - Date of birth
  - Policy number
  - Full insurance company name

  For example, if the company is Blue Cross/Blue Shield, include which state the policy is from, as most every state has a BC/BS carrier. (In Iowa, it's Wellmark.)

2. Claiming Payment for Retroactively Eligible Member

For Iowa Medicaid prescription drug claims involving claims for a member whose Medicaid eligibility was determined retroactively, call the IME Point of Sale (POS) Unit at (515) 256-4608 (local calls) or 877-463-7671. Have the following information available:

- The pharmacy's national provider identifier.
- The member's Iowa Medicaid number, name, and date of birth.

- The drug's name, strength, quantity, and dates requested for reimbursement.
- The date the pharmacy was made aware the member had Medicaid coverage for the state of Iowa.

For medications payable on Iowa Medicaid, the POS staff will put an override on the point-of-sale system for the pharmacy to rebill the claims for reimbursement.

3. Claim Attachment Control, Form 470-3969

If you want to submit electronically a claim that requires an attachment, you must submit the attachment on paper using the following procedure:

- Complete form 470-3969, *Claim Attachment Control*. To view a sample of this form on line, click here.

  Complete the "attachment control number" with the same number submitted on the electronic claim. IME will accept up to 20 characters (letters or digits) in this number. If you do not know the attachment control number for the claim, please contact the person in your facility responsible for electronic claims billing.
- **Staple** the additional information to form 470-3969. Do **not** attach a paper claim.
- Mail the *Claim Attachment Control* with attachments to:

  Medicaid Claims
  PO Box 150001
  Des Moines, IA 50315

  Once IME receives the paper attachment, it will manually be matched up to the electronic claim using the attachment control number and then processed.

4. Paper Claim Submission

Traditional Universal Claim forms are no longer accepted. The new universal claim forms PUCF-D01PT (VER 1.2) can be ordered by calling CommuniForm at 800-564-8140, or online at https://www.ncpdp.org/Products/Universal-Claim-Forms.

The following table contains information that will aid in the completion of the pharmacy claim form. The table follows the form by field name, giving a brief description of the information to be entered, and whether providing information in that field is required, optional, or conditional on the individual member's situation.

FIELD NAME / DESCRIPTION	INSTRUCTIONS
1 – CARDHOLDER ID	**MANDATORY**. Enter the member's Medicaid ID number. Copy this directly from the *Medical Assistance Eligibility Card*. It consists of seven numeric characters followed by a letter, i.e., 1234567A.
2 – GROUP ID	**NOT USED**. Leave blank.
3 – LAST	**NOT USED**. Submit information under Patient segment.
4 – FIRST	**NOT USED**. Submit information under Patient segment.
5 – PLAN NAME	IAMED
6 – BIN NUMBER	011933
7 – PROCESSOR CONTROL NUMBER	IAPOP
8 – CMS PART D	**OPTIONAL**.
PATIENT	
9 – PATIENT'S LAST NAME	**REQUIRED**. Must be submitted.
10 – PATIENT'S FIRST NAME	**REQUIRED**. Must be submitted.
11 – PERSON CODE	**NOT USED**.
12 – DATE OF BIRTH	**REQUIRED**. Enter the member's birth date using a two-digit entry for each of the following: month, day, and year.
13 – PATIENT GENDER CODE	**REQUIRED**. Enter the gender.

FIELD NAME / DESCRIPTION	INSTRUCTIONS
14 – RELATIONSHIP TO CARDHOLDER	**NOT USED**.
15 – PATIENT RESIDENCE	**OPTIONAL**.
PHARMACY	
16 – DOCUMENT CONTROL NUMBER	**OPTIONAL**. For office use only.
17 – SERVICE PROVIDER ID	**MANDATORY**. Enter the pharmacy's national provider identifier (NPI).
18 – SERVICE PROVIDER ID QUALIFIER	**MANDATORY**. Enter "01" for national provider identifier (NPI).
19 – PHARMACY NAME	**REQUIRED**. Enter the pharmacy's name.
20 – PHONE NUMBER	**OPTIONAL**. Entering the pharmacy's area code and phone number may expedite processing of the claim.
21 – ADDRESS	**REQUIRED**. Enter the pharmacy's street address.
22 – CITY	**REQUIRED**. Enter the pharmacy's city.
23 – STATE	**REQUIRED**. Enter the pharmacy's state.
24 – ZIP	**REQUIRED**. Enter the pharmacy's zip code.
PRESCRIBER	
25 – SIGNATURE OF PROVIDER	**REQUIRED**. Enter the signature of the representative completing the form.
26 – DATE	**REQUIRED**. Enter the date of the completed claim.
27 – PRESCRIBER ID	**REQUIRED**. Enter the national provider identifier (NPI) of the prescribing practitioner.
28 – ID QUALIFIER	01 = NPI
29 – PRESCRIBER LAST NAME	**REQUIRED**.

FIELD NAME / DESCRIPTION	INSTRUCTIONS
PHARMACIST	
30 – PHARMACIST ID	**NOT USED**.
31 – ID QUALIFIER	**NOT USED**.
CLAIM	
32 – PRESCRIPTION SERV. REF# (RX NUMBER)	**MANDATORY**. Enter the prescription number you have assigned to the prescription being billed. This number must be **all numeric**. No alpha characters are allowed.
33 – PRESCRIPTION SERV. REF# (RX NUMBER) QUALIFIER	1 = RX BILLING
34 – FILL #	**REQUIRED**. Enter "00" for a new prescription, and 01-99 for refills.
35 – DATE WRITTEN	**REQUIRED**. Enter the date the prescription was written using a two-digit entry for each of the following: month, day, and year. **CCYYMMDD**
36 – DATE OF SERVICE	**MANDATORY**. Enter the date the prescription was filled using a two-digit entry for each of the following: month, day, and year. **CCYYMMDD**
37 – SUBMISSION CLARIFICATION	**OPTIONAL**. Enter "20" if 340B claim. Enter "08" if compound claim.
38 – PRESCRIPTION ORIGIN	**OPTIONAL**.
39 – PHARMACY SERVICE TYPE	**NOT USED**.
40 – SPECIAL PACKAGING INDICATOR	**OPTIONAL**.

FIELD NAME / DESCRIPTION	INSTRUCTIONS
41 – PRODUCT/SERVICE ID	**MANDATORY**. Enter the national drug code (NDC) found on the drug's label. All of the numerals in the NDC, including the package size, must be current and exactly match the NDC of the product actually dispensed. Be careful to copy the NDC exactly as it appears, including leading zeros. If the product number is only three digits long, enter a leading zero. For a compound, "0" must appear in this field. List each ingredient, NDC, quantity, and charge in the COMPOUND section.
42 – PRODUCT/SERVICE ID QUALIFIER	00 = COMPOUND 03 = NDC
43 – PRODUCT DESCRIPTION	**REQUIRED**.
44 – QUANTITY DISPENSED	**REQUIRED**. Give the number of tablets, capsules, etc. or the **metric measurement** for liquids, creams, etc. Be sure the billed quantity, when divided by the number of days' supply, is an appropriate amount for that therapeutic class of drugs. If the quantity is a fractional amount, use a decimal point.
45 – DAYS SUPPLY	**REQUIRED**. Enter the number of days the prescription will last.
46 – DAW CODE (MAC OVERRIDE)	Leave blank.
47 – PRIOR AUTH # SUBMITTED	**CONDITIONAL**. Leave blank unless one of the following applies: 1 = 72 hour supply 4 = Pregnant 5 = Nursing facility vaccine 7 = Mental health drugs
48 – PA TYPE	**CONDITIONAL**. Enter code "2" if a number was entered in the "PRIOR AUTH # SUBMITTED" box. Otherwise, leave blank.

FIELD NAME / DESCRIPTION	INSTRUCTIONS
49 – OTHER COVERAGE CODE	**CONDITIONAL**. To determine whether the member has drug coverage under other insurance, check the member's eligibility using the Eligibility Verification System (ELVS) or the IME web portal. ♦ If a member has Iowa Medicaid pharmacy insurance only and no other primary insurance, leave this field blank or enter a zero. ♦ Enter code "1" if the member states there is no other insurance but the claim has already been rejected with a reject code of 41 "Submit to Primary Payer." Iowa Medicaid's eligibility file conflicts with the primary third-party insurance company's information. ♦ Enter code "3" if other coverage does exist and the drug is not covered under the primary insurance plan. NOTE: **Also allowed for Part D excluded drugs**. ♦ Enter code "8" when billing is for patient financial responsibility. Only the indicator "06 = Patient Pay Amount" will be accepted as an other payer-patient responsibility amount qualifier.
50 – DELAY REASON	**NOT USED**.
51 – LEVEL OF SERVICE	**NOT USED**.
52 – PLACE OF SERVICE	**OPTIONAL**.
53 – QUANTITY PRESCRIBED	**OPTIONAL**.
CLINICAL	
54 – DIAGNOSIS CODE	**NOT USED**.
55 – DIAGNOSIS CODE QUALIFIER	**NOT USED**.

FIELD NAME / DESCRIPTION	INSTRUCTIONS
DUR	
56 – DUR/PPS CODE REASON	Leave blank.
57 – DUR/PPS CODE SERVICE	Leave blank.
58 – DUR/PPS CODE RESULT	Leave blank.
59 – LEVEL OF EFFORT	Leave blank.
60 – PROCEDURE MODIFIER	Leave blank.
COB OTHER PAYMENTS	
COB1 – PRIMARY	
61 – OTHER PAYER ID	**REQUIRED FOR COB**. Primary payer.
62 – OTHER PAYER ID QUALIFIER	**REQUIRED FOR COB**. Primary payer.
63 – OTHER PAYER DATE	**REQUIRED FOR COB**. Primary payer. If the patient has other insurance coverage, enter the date the claim was paid or rejected by the other insurer.
64 – OTHER PAYER REJECT CODES	**CONDITIONAL**. If the patient has other insurance coverage but the claim was rejected, enter the rejection codes assigned by the other insurer (if known).
COB1 – SECONDARY	
65 – OTHER PAYER ID	**REQUIRED FOR COB**. Payer ID of primary payer.
66 – OTHER PAYER ID QUALIFIER	**REQUIRED FOR COB**.
67 – OTHER PAYER DATE	**REQUIRED FOR COB**. If the patient has other insurance coverage, enter the date the claim was paid or rejected by the other insurer.
68 – OTHER PAYER REJECT CODES	**CONDITIONAL**. If the patient has other insurance coverage but the claim was rejected, enter the rejection codes assigned by the other insurer (if known).

FIELD NAME / DESCRIPTION	INSTRUCTIONS
COMPOUND	
69 – DOSAGE FORM DESCRIPTION CODE	**MANDATORY**.
70 – DISPENSING UNIT FORM INDICATOR	**MANDATORY**.
71 – ROUTE OF ADMINISTRATION	**OPTIONAL**.
72 – INGREDIENT COMPONENT COUNT	**MANDATORY**.
73 – PRODUCT NAME	**REQUIRED**. Submit for each compound component.
74 – PRODUCT ID	**REQUIRED**. Submit for each compound component.
75 – PRODUCT ID QUALIFIER	**REQUIRED**. Submit for each compound component.
76 – INGREDIENT QTY	**REQUIRED**. Submit for each compound component.
77 – INGREDIENT DRUG COST	**OPTIONAL**. Submit for each compound component.
78 – BASIS OF COST	**OPTIONAL**. Submit for each compound component. Enter "08" if 340B claim. Enter "17" if FSS drugs. Enter "16" if NP drugs.
PRICING	
79 – USUAL & CUSTOMARY CHARGE	**REQUIRED**. Enter the usual and customary charge.
80 – BASIS OF COST DETERMINATION	**CONDITIONAL**. Enter code "09" to indicate unit dose drug. Enter "08" if 340B claim. Enter "17" if FSS drugs. Enter "16" if NP drugs. Otherwise, leave blank.
81 – INGREDIENT COST SUBMITTED	**REQUIRED**. Enter the pharmacy's submitted product component cost of the dispensed prescription. Amount also included in the gross amount due. 340B, FSS, and NP pricing submitted in this field when applicable.

FIELD NAME / DESCRIPTION	INSTRUCTIONS
82 – DISPENSING FEE SUBMITTED	**REQUIRED**. Enter the pharmacy's usual and customary dispensing fee. Enter zeros if no dispensing fee is charged for the prescription.
83 – PROFESSIONAL SERVICE FEE SUBMITTED	**REQUIRED**. Enter the pharmacy's usual and customary dispensing fee. Enter zeros if no dispensing fee is charged for the prescription.
84 – INCENTIVE AMOUNT SUBMITTED	Leave blank.
85 – OTHER AMOUNT SUBMITTED	Leave blank.
86 – SALES TAX SUBMITTED	**NOT USED**.
87 – GROSS AMOUNT DUE	**REQUIRED**. Enter the **total** charge for this item. The total claim charge must be equal to the sum of the submitted ingredient cost submitted and the submitted dispensing fee.
88 – PATIENT PAID AMOUNT	Leave blank.
89 – OTHER PAYER AMOUNT PAID #1	**NOT USED**.
90 – OTHER PAYER AMOUNT PAID #2	**NOT USED**.
91 – OTHER PAYER-PATIENT RESPONSIBILITY AMOUNT #1	**REQUIRED FOR IA COB CLAIMS**.
92 – OTHER PAYER-PATIENT RESPONSIBILITY AMOUNT #2	**REQUIRED FOR IA COB CLAIMS**.
93 – NET AMOUNT DUE	**REQUIRED**. Enter the total price less the deductible amount. NOTE: If resubmitting a claim that is over 12 months old, the word "resubmit" must clearly appear on the claim to avoid denials for timely filing. This procedure can be used only if the original submission was within the last 12 months.

F. EDITS AND SPECIAL BILLING INFORMATION

1. Claims for Deceased Members

Submit claims for all Iowa Medicaid members using the dispensing date. Pharmacy claims must be billed before a member's date of death for claims processing. Failure to bill before the date of death may result in claim recoupment for any claims processed after that date of death.

2. Common Billing Errors

Medications can often be described using three measures: each, grams, and milliliters. It is important to choose the correct unit of measure when billing.

Medication	Correct Unit for Billing	Quantity	Days' Supply
Bactroban cream (mupirocin)	Grams	Varies; should be divisible by 15 grams	Varies
Bactroban ointment (mupirocin)	Grams	Varies; should be divisible by 22 grames	Varies
Byetta 5 mcg (exenatide)	Ml (Submit in decimal format; do not round)	1.2 ml	30
Byetta 10 mcg (exenatide)	Ml (Submit in decimal format; do not round)	2.4 ml	30
Copaxone (glatiramer)	Each	1	30
Diastat ACDL gel (diazepam)	Each (kit contains 2 syringes; bill # of kits)	1	Varies
Enbrel 25 mg	Each	1	1
Enbrel 25 mg/0.5 ml (etanercept)	Ml (Submit in decimal format; do not round)	Varies claims should be divisible by 0.5 ml	30
Enbrel SureClick (etanercept)	Ml (Submit in decimal format; do not round)	Varies should be divisible by .98 ml	30
Fragmin (dalteparin)	Ml (Submit in decimal format; do not round)	Varies	Varies

Medication	Correct Unit for Billing	Quantity	Days' Supply
Gamunex 10% (immune globulin)	Ml (Each vial is 10 ml)	Varies	Varies
Humira (adalimumab)	Each (kit contains 2 syringes)	2	30
Influenza vaccines	Ml (Submit in decimal format; do not round)	0.5 ml	1
Kineret (anakinra)	Ml (Submit in decimal format; do not round)	Varies; should be divisible by 0.67	30
Lovenox (enoxaparin)	Ml (Submit in decimal format; do not round)	Varies	Varies
Miacalcin NS (calcitonin)	Ml (Submit in decimal format; do not round)	3.7	30
Nascobal (cyanocobalamin)	Ml (Submit in decimal format; do not round)	Varies; claims should be divisible by 2.3 ml	30
Neupogen 400 mcg (filgrastim)	Ml (Submit in decimal format; do not round)	Varies; claims should be divisible by 1.6 ml	30
Neupogen 600 mcg (filgrastim)	Ml (Submit in decimal format; do not round)	Varies; claims should be divisible by 0.5 ml	30
Pegasys (peginterferon Alfa-2a)	Each (kit contains 4 syringes)	1	28
Peranex HC (lidocaine/ hydrocortisone)	Each	1	Varies
Proair HFA (albuterol)	Grams	8.5 grams	30
Proventil HFA (albuterol)	Grams	6.7 grams	30
Rebif pack (interferon Beta-1a)	Ml (Submit in decimal format; do not round)	4.2 ml	30
Rebif syringe (interferon Beta-1a)	Ml (Submit in decimal format; do not round)	6 ml	30
Remicade (infliximab)	Each	1	Varies
Restasis (cyclosporine)	Each	32/64	30
Risperdal Consta (risperidone)	Each	2	28

Medication	Correct Unit for Billing	Quantity	Days' Supply
Stadol nasal spray 10 mg/ml (butorphanol)	Ml (Submit in decimal format; do not round)	Varies; claims should be divisible by 2.5 ml	Varies
Synagis 50 mg (palivizumab)	Ml (Submit in decimal format; do not round)	0.5 ml	30
Synagis 100 mg (palivizumab)	Ml	1 ml	30
Ventolin HFA (albuterol)	Grams	18 grams	30
Xopenex HFA (levalbuterol)	Grams	Varies; claims should be divisible by 15 grams	Varies

3. Compounded Prescriptions

Iowa Medicaid will process claims for compounded prescriptions in the NCPDP D.Ø format using the multiple ingredient functionality. All applicable edits, including Preferred Drug List (PDL) rules, apply to each NDC submitted. Providers must submit the NDCs for the active ingredients dispensed to create the compound.

A dispensing fee will be added to the claim when a drug within the compound is reimbursed at EAC. There will be no additional fee paid to prepare the compounded prescription. Providers need to submit the quantity of the active ingredients used in the compound for reimbursement, not the quantity of the total amount of the compound made.

4. Coverage of Active Pharmaceutical Ingredients (APIs) and Excipients

Medicaid will cover certain API and excipient products, although the manufacturers have not entered into a rebate agreement with CMS. These products are identified on the API & Excipients Prescribed Drug list located on the website www.iowamedicaidpdl.com under the Preferred Drug Lists tab. Pharmacies shall provide these products and bill Medicaid through the point of sale system. Prior authorizations (PA) will be submitted through the Pharmacy PA system. Payment will be made in the same manner as prescription drugs.

5. Date of Birth Verification

Point of sale edits for the exact date of birth from the eligibility file for Iowa Medicaid members. Field # 304-C4 (Date of Birth) on the NCPDP Payer Sheet is mandatory. The NCPDP rejection message will state "09-Missing/ Invalid Date of Birth." Claims should be resubmitted with the correct date of birth for the member.

6. Override Codes

A 72-hour emergency supply of medication may be dispensed using prior authorization type code "1" as a point of sale override. The provision for a 72-hour supply can be used in an emergency situation only one time per member, per drug.

A seven-day override of the prior authorization requirement will be allowed while the prescriber is requesting prior authorization for certain mental health drugs. The override applies to drugs that are deemed to have a significant variation in therapeutic or side effect profile from other drugs in the same therapeutic class. See the Preferred Drug List at: www.iowamedicaidpdl.com

The pharmacy may use a prior authorization type code "7" as a point of sale override for applicable mental health drugs. The seven-day provision can be used only one time per member, per drug, per 30 days.

7. Proper Reporting of NDCs

The Iowa Medicaid Program can cover only drugs from manufacturers who have signed national Medicaid drug rebate agreements with the Centers for Medicare and Medicaid Services (CMS). Drug companies sign the agreements for specific drug manufacturer codes called national drug codes (NDC).

Since rebates are determined by Iowa Medicaid's utilization data, it is imperative that pharmacies and providers bill Iowa Medicaid using the correct NDC number of the drug actually dispensed or administered. Reimbursement is only made for the specific NDC dispensed or administered.

If a provider is dispensing or administering one drug and billing for an NDC different from the drug being dispensed or administered, it is considered fraud, which can result in claims being recouped, sanctions, and termination of provider agreements. The Program Integrity Unit will be monitoring for this in their reviews.

8. Prospective Drug Utilization Review (Pro-DUR)

The goal of Prospective DUR is to identify potential drug therapy concerns to allow the pharmacist to use professional judgment regarding the need for intervention, such as whether or not to contact the prescribing physician. The following prospective DUR edits will cause claims to deny:

Edit	Number and Message	Reason for the Denial	* Override Provided
Age Edits	75 - PRIOR AUTHORIZATION REQUIRED	Certain medications are payable only for specific age groups.	PA required.
Cost Effective-ness	75 - PRIOR AUTHORIZATION REQUIRED	Certain strengths should be substituted with more cost-effective strengths of the same medication.	PA required.
Dosage Form	75 - PRIOR AUTHORIZATION REQUIRED Additional text: NONPREFERRED	Certain dosage forms should be substituted with more cost-effective dosage forms of the same medication.	PA required.
Excessive Days Supply	19 - M/I DAYS SUPPLY Additional text: EXCEEDS ALLOWABLE DAYS SUPPLY	The supply submitted is more than 31 days.	Request an exception to policy if there is a valid reason why a supply more than 31 days is required.
15-Day Initial Prescription Supply Limit	76 - PLAN LIMITS EXCEEDED	The supply submitted is more than 15 days on select drugs.	PA required. See Quantity Limit Override.
Gender Edits	70 –PRODUCT/ SERVICE NOT COVERED – GENDER-SPECIFIC DRUG	Certain medications are payable only for a specific gender.	PA required.

Edit	Number and Message	Reason for the Denial	* Override Provided
High Dollar Claims	78 - COST EXCEEDS MAXIMUM Additional text: CLAIM EXCEEDS $5,000.00, PLEASE CALL POS HELPDESK	All claims submitted in excess of $5,000 will be rejected. After verifying that the quantity and days' supply of the claim are correct, contact the Pharmacy POS Help Desk. See below.	A one-time override will be granted if quantity and days' supply are accurate and consistent. Additional medical documentation is required for longer overrides.
Hospice Edits	75 - PRIOR AUTHORIZATION REQUIRED – NOT COVERED FOR HOSPICE MEMBER	If member has hospice coverage and medication is required to be paid by hospice.	Override may be considered if hospice does not provide payment. Call POS Helpdesk.
Incarcer-tion Edit	65 - PATIENT IS NOT COVERED Service not covered for recipient, limited benefits for date	Pharmacy claims submitted through POS for members identified as being incarcerated will reject.	No override provided. Member must update incarceration status, if applicable.
Quantity Limits	76 - PLAN LIMITS EXCEEDED	If the quantity submitted exceeds the established quantity limit.	PA required. See Quantity Limit Override.
Refill Too Soon	79 - REFILL TOO SOON Additional text: RX NUMBER/FILL DATE/NPI OR NABP/DATE FOR NEXT FILL	If less than 90% of the previously paid claim for that medication has not been used. See Refill Too Soon.	If there is a change in dose; lost, stolen or destroyed drug; or travel.
Step Therapy Edits	75 - PRIOR AUTHORIZATION REQUIRED	Certain therapeutic drug classes are subject to step therapy edits as designated on the Preferred Drug List.	PA required.

Edit	Number and Message	Reason for the Denial	* Override Provided
Tablet Splitting	19 - M/I DAYS SUPPLY Additional text: MUST SPLIT TABLETS	Certain medications that are scored and easily halved should be split to facilitate more cost-effective use of the drugs.	PA required.
Therapeutic Duplication	88 - DUR REJECT MESSAGE Additional text: SITUATIONAL	If a second claim submitted is a therapeutic duplication of a drug already submitted and reimbursed.	PA required.

* Always verify that the quantity and days' supply on the claim are correct; then for an override contact: Pharmacy POS Help Desk at 877-463-7671 or (515) 256-4608 (local)

a. Age Edits

Drug Name/Class	Age Edit	Prior Authorization (PA) Requirement
Drugs FDA indicated for the treatment of Alzheimer's dementia (donepezil, galantamine, memantine, and rivastigmine)	Payable for members 40 years of age and older	PA is required for members under 40 years of age.
Aldara (imiquimod)	Payable for members 12 years of age and older	PA is required for members under 12 years of age.
Antipsychotics	Payable for members 5 years of age or older for risperidone and 6 years of age or older for all other anti-psychotics.	PA is required for members under 5 years of age for risperidone and under 6 years of age for all other antipsychotics.
Asmanex 110 mcg	Payable for members less than 12 years of age.	PA is required for members 12 years of age and older.

Drug Name/Class	Age Edit	Prior Authorization (PA) Requirement
Benznidazole	Payable for members 2 through 11 years of age.	PA is required for members under 2 years of age and over 11 years of age.
Brovana	Payable for members 18 years of age and older.	PA is required for members under 18 years of age.
Clorazepate	Payable for members 9 years of age and older.	PA is required for members under 9 years of age.
CNS Stimulants: Adderall, Adzenys ODT, Desoxyn, Dexedrine, Dyanavel XR, Evekeo, Mydayis, Vyvanse	Payable for members 3 through 20 years of age.	PA is required for members under 3 years of age and over 20 years of age.
CNS Stimulants: Adderall XR, Dexedrine ER, Focalin, Focalin XR, Aptensio XR, Concerta, Cotempla XR ODT, Daytrana, Metadate CD, Methylin, QuilliChew, Quillivant XR, Ritalin IR/LA/SR	Payable for members 6 through 20 years of age.	PA is required for members under 6 years of age and over 20 years of age.
Codeine Containing Products	Payable for members 18 years of age and older.	PA is required for members under 18 years of age.
Complera	Payable for members 18 years of age and older.	PA is required for members under 18 years of age.
Edurant	Payable for members 18 years of age and older.	PA is required for members under 18 years of age.
Eligard	Payable for members 18 years of age and older.	PA is required for members under 18 years of age.
Erivedge	Payable for members 18 years of age and older.	PA is required for members under 18 years of age.

Drug Name/Class	Age Edit	Prior Authorization (PA) Requirement
Femara (letrozole)	Payable for members 50 years of age and older.	PA is required for member under 50 years of age.
Flurazepam	Payable for members 15 years of age and older.	PA is required for members under 15 years of age.
Foradil	Payable for members 5 years of age and older.	PA is required for members under 5 years of age.
Guanfacine ER	Payable for members 6 through 17 years of age.	PA is required for members under 6 years of age and over 17 years of age.
Inlyta	Payable for members 18 years of age and older.	PA is required for members under 18 years of age.
Isentress 25 mg and 100 mg chewable tablets	Payable for members less than 12 years of age.	PA is required for members 12 years of age and older.
Jakafi	Payable for members 18 years of age and older.	PA is required for members under 18 years of age.
Nicotine Replacement Therapy	Payable for members 18 years of age and older.	PA is required for members under 18 years of age.
Nuvigil (armodafinil)	Payable with a PA for members 17 years of age and older	PA is required for members under 17 years of age.
OTC Polyethylene glycol 3350 powder	Payable for members 0 to 12 years of age. PA required for members 13 to 18 years of age. Not covered for members 19 years of age or over.	PA is required for members 13-18 years of age.
Oxazepam	Payable for members 6 years of age and older.	PA is required for members under 6 years of age.

Drug Name/Class	Age Edit	Prior Authorization (PA) Requirement
Perforomist	Payable for members 18 years of age and older.	PA is required for members under 18 years of age.
Provigil (modafinil)	Payable for members 16 years of age and older	PA is required for members under 16 years of age and 21 years of age and older
Revlimid	Payable for members 18 years of age and older.	PA is required for members under 18 years of age.
Serevent	Payable for members 4 years of age and older.	PA is required for members under 4 years of age.
Singulair 4 mg granules	Payable for members less than 2 years of age	PA is required for members 2 years of age and older.
Smoking Cessation Therapy-Oral	Payable for members 18 years of age and older.	PA is required for members under 18 years of age.
Stribild	Payable for members 18 years of age and older.	PA is required for members under 18 years of age.
Tramadol Containing Products	Payable for members 18 years of age and older.	PA is required for members under 18 years of age.
Veregen (sinecatechins)	Payable for members 18 years of age and older.	PA is required for members under 18 years of age.
Zytiga	Payable for members 18 years of age and older.	PA is required for members under 18 years of age.

b. Cost Effectiveness Edit

Drug	Dosage	Alternative
Buspirone tablet	30 mg	Deny. Use two buspirone 15 mg tablets.
Clindamycin capsule	300 mg	Deny. Use multiples of clindamycin 150 mg capsule.
Hydroxyzine pamoate capsules	100 mg	Deny. Use hydroxyzine pamoate 50 mg capsules.
Imipramine pamoate capsules		Deny. Use imipramine HCL tablets.
Prozac or fluoxetine HCL capsules	40 mg	Deny. Use two fluoxetine HCL 20 mg capsules.
Rheumatrex		Deny. Use methotrexate.

c. Dosage Form Edits

Form	Drug	Dosage	Alternative
Prozac tablets	fluoxetine	20 mg	Deny. Use the capsule dosage form.
Zantac capsules	ranitidine	150 mg	Deny. Use the tablet dosage form.
Zantac capsules	ranitidine	300 mg	Deny. Use the tablet dosage form.

d. Excessive Days Supply

The claim will be rejected if the supply submitted is more than 31 days. If there is a valid reason why a supply of more than 31 days is required, request an exception to policy.

e. Gender Edits

Drug Name/Class	Gender Edit
Prenatal vitamins	Payable for female members

f. High-Dollar Claims

All claims in excess of $5,000 submitted through the pharmacy point of sale system will be rejected with a denial message stating, "Claim exceeds $5,000, please call POS Help Desk at 877-463-7671 or (515) 256-4608 locally."

After verifying that the quantity and days' supply on the claim are correct, contact the Pharmacy POS Help Desk for consideration of an override. A technician or pharmacist will review the information submitted and determine if an override shall be issued.

As a part of this process, the Iowa Medicaid Program Integrity Unit may request additional medical documentation regarding the case from the prescriber or pharmacy. This policy is intended to help ensure that proper billing procedures are being followed.

g. Hospice Edits

For members enrolled in hospice, medications in the following therapeutic categories should be submitted to hospice for coverage consideration. If hospice does not provide payment for a medication in one of the below categories, or if the member is no longer enrolled in hospice, the pharmacy may call the POS Helpdesk for coverage consideration.

Analgesics — non-narcotic
Analgesics — opioid
Antianxiety agents
Antidiarrheals
Antiemetics
Antihistamines
Antispasmodics
Cough/Cold/Allergy
Hypnotics
Laxatives
Muscle relaxant combinations
Ophthalmic agents

h. Refill Too Soon

The claim will be denied if not enough time has elapsed for the member to use 90 percent of the supply issued under previously paid claim for that medication. An override will be considered if:

- There is a change in dose;
- The previously issued supply has been lost, stolen or destroyed; or
- The member is traveling and will not be able to pick up the next refill at the normal time.

i. Step Therapy Edits

Certain therapeutic drug classes are subject to step therapy edits as designated on the Preferred Drug List. Antipsychotics-Atypicals:

Step 1: Preferred generic drugs. No PA required.

Step 2: Preferred brand name drugs. No PA required if a preferred generic trial is found in the paid claims system in the past 12 months.

Step 3: Nonpreferred drugs. PA required.

j. Tablet Splitting

Certain medications that are scored and easily halved should be split to facilitate more cost-effective use of the drugs.

Drug Product	Quantity	Days' Supply	Comments
Lexapro 5 mg	15	30	Use 10 mg tablets to obtain 5 mg daily dose
Lexapro 10 mg	15	30	Use 20 mg tablets to obtain 10 mg daily dose

k. Therapeutic Duplication

If a second claim submitted is a therapeutic duplication of a drug already submitted and reimbursed, overlapping claims will be considered on an individual basis.

Deny regardless of prescriber	
Antipsychotics	Duplicate therapy edit on all antipsychotics for members 0 – 17 years of age. A 30 day grace period is allowed for transition between antipsychotic medications. After 30 days of concomitant use, provide prescriber verified documentation of the necessity of the duplication in the treatment plan.
Antipsychotics	After 12 weeks (84 days) of concomitant oral and injectable antipsychotic medication use for members 18 years of age and older, provide prescriber verified documentation of the necessity in the treatment plan.
Nonsteroidal anti-inflammatory drugs (NSAIDs)	After 60 days of concomitant use, provide prescriber verified documentation of the necessity of the duplication in the treatment plan.

9. Status Change for Preferred Brand Name Drugs

When the status of a previously preferred brand-name drug changes to nonpreferred, pharmacies are given a transition period of up to 30 days to allow utilization of existing stock of the brand-name product.

If additional stock remains beyond this period, pharmacies may call the Point of Sale (POS) Helpdesk at 877-463-7671 or 515-256-4608 (local) to request an override for the nonpreferred brand-name drug with a recent status change.

10. Travel or Vacation Supplies of Medication

Requests of medications for travel or vacation should be planned well in advance of the departure date.

The pharmacy can process the first month's prescriptions as usual, and then may call the Point of Sale (POS) Helpdesk at 877-463-7671 or 515-256-4608 (local) to obtain up to a one-month supply of medications to total up to a 60-day supply of medication.

Exceptions to policy will not be granted if other sources for payment are available.

11. 340B Drug Pricing Program

In order to become eligible to participate in the 340B Program, the provider must submit a request to the Office of Pharmacy Affairs (OPA) within the Health Resources and Services Administration (HRSA). The OPA website is http://www.hrsa.gov/opa/. The online registration is available at the following link: https://340bregistration.hrsa.gov/.

It is very important that the OPA has accurate and up-to-date information, particularly your exact name and street address. It your responsibility to:

- Contact the OPA with any changes in your information; and
- Tell your wholesaler or manufacturer that you are registered for 340B discount prices when you place an order.

Providers must enroll with Iowa Medicaid in order to bill and receive reimbursement for self-adminsitered drugs purchased through the 340B Program.

a. Covered Entity (CE)

The covered entity (CE) has full responsibility and accountability for compliance with all requirements to prevent diversion of covered drugs to individuals other than patients of the CE, and to prevent situations in which a drug is subject to both the 340B discount and a Medicaid rebate claim.

Use of a contract pharmacy arrangement (single or multiple) does not lessen a CE's duty to ensure that the 340B Program is being administered in compliance with the statute and HRSA guidelines.

It is imperative that all CEs participating in the 340B Program not only comply with program requirements but also be able to document compliance with those requirements in the event of an audit.

To prevent duplicate discounts, HRSA requires CEs to indicate on OPA website if they purchase drugs at 340B pricing for Medicaid patients (Medicaid Exclusion File), so Medicaid does not bill for rebates. HRSA directs CEs to follow state guidelines when billing for 340B drugs. CEs may not use a contracted pharmacy unless it has reached an agreement with the state Medicaid agency on a method to prevent duplicate discounts.

b. Iowa Medicaid Billing/Reimbursement for CE Outpatient In-House Pharmacy or Contracted Pharmacy

340B requirements below are reviewed through a postpayment review. Overbillings are subject to recoupment.

(1) 340B Covered Entities

The CE must decide if they are carving Medicaid "OUT" or "IN," and that decision applies to both fee-for-service and managed care claims.

All 340B CEs that use 340B drugs and serve Medicaid FFS members must do one of the following:

- Medicaid **CARVE OUT** all prescriptions from the 340B program when Medicaid is a payor for any portion of the claim:
  - Use non-340B drugs for all Medicaid members you serve.

- Bill Medicaid only for drugs purchased outside the 340B program billed in accordance with existing state Medicaid reimbursement methodologies, allowing rebates to be collected where appropriate.
- Do not list the 340B entity's NPI on the HRSA Medicaid Exclusion File.

This allows rebates to be collected by Medicaid where appropriate.

♦ Medicaid **CARVE IN** all prescriptions into the 340B program:

- Use 340B drugs for all Medicaid members you serve.
- Inform OPA at the time of 340B enrollment that you intend to purchase and dispense 340B drugs for Medicaid members.
- Do not bill Medicaid for 340B acquired drugs if your NPI is not listed on the HRSA Medicaid Exclusion File.
- Purchase all drugs billed to Medicaid on the CE's NPI under 340B unless the product is not eligible for 340B pricing.

This ensures these claims are excluded from Medicaid rebate.

♦ Billing:

Submit pharmacy claims for 340B-acquired drugs to Medicaid at your 340B AAC and with values of "08" in Basis of Cost Determination field 423-DN **OR** in Compound Ingredient Basis of Cost Determination field 490-UE **AND** also insert "20" in the Submission Clarification Code field 420-DK.

If the product is not eligible for 340B pricing do not include the basis of cost determination or submission clarification code values and bill at the regular Medicaid rate.

(2) 340B Contract Pharmacies

Contract pharmacies may not submit claims to Medicaid FFS for 340B-acquired drugs. A 340B contract pharmacy must **carve out** Medicaid FFS from its 340B operation.

12. Interpreter Services

Translation and interpretative services may be covered, whether done orally or through sign language. Interpreters must provide only interpretation services for your pharmacy. The services must facilitate access to Medicaid covered services.

In order for translation and interpretation services to be covered by Iowa Medicaid, the services must meet the following criteria:

- Provided by interpreters who provide only interpretive services.
- Interpreters may be employed or contracted by the billing provider.
- The interpretive services must facilitate access to Medicaid-covered services.

Providers may only bill for these services if offered in conjunction with an otherwise Medicaid covered service. Medical staff that are bilingual are not reimbursed for the interpretation but only for their medical services. Reimbursable time may include the interpreter's travel and wait time.

a. Documentation of the Service

The billing provider must document in the patient's record the:

- Interpreter's name or company,
- Date and time of the interpretation,
- Service duration (time in and time out), and
- The cost of providing the service.

b. Qualifications

It is the responsibility of the billing provider to determine the interpreter's competency. Sign language interpreters should be licensed pursuant to 645 Iowa Administrative Code Chapter 361. Oral interpreters should be guided by the standards developed by the National Council on Interpreting in Health Care (www.ncihc.org)

The following are instructions for billing interpretive services when that service is provided by an outside commercial translation service.

- Bill code T1013 on the professional CMS-1500 claim form:
  - For telephonic interpretive services use modifier "UC" to indicate that the payment should be made at $1.70 per minute.
  - The lack of the UC modifier will indicate that the charge is being made for the 15 minute face-to-face unit.
- Enter the number of minutes actually used for the provision of the service.
- Special note: Because the same code is being used but a conditional modifier may be necessary, any claim where the UC modifier is NOT used and the units exceed 24 will be paid at 24 units.

G. REMITTANCE ADVICE AND FIELD DESCRIPTIONS

1. Remittance Advice Explanation

To simplify your accounts receivable reconciliation and posting functions, you will receive a comprehensive *Remittance Advice* with each Medicaid payment. The *Remittance Advice* is also available on magnetic computer tape for automated account receivable posting. To view a sample of this form on line, click here.

The *Remittance Advice* is separated into categories indicating the status of those claims listed below. Categories of the *Remittance Advice* include paid claims and denied claims:

- **Paid** indicates all processed claims, credits and adjustments for which there is full or partial reimbursement.
- **Denied** represents all processed claims for which no reimbursement is made.

Note that claim credits or recoupments (reversed) appear as regular claims with the exception that the transaction control number contains a "1" in the twelfth position and reimbursement appears as a negative amount.

An adjustment to a previously paid claim produces two transactions on the *Remittance Advice*. The first appears as a credit to negate the claim; the second is the replacement or adjusted claim, containing a "2" in the twelfth position of the transaction control number.

If the total of the credit amounts exceeds that of reimbursement made, the resulting difference (amount of credit less the amount of reimbursement) is carried forward and no check is issued. Subsequent reimbursement will be applied to the credit balance, as well, until the credit balance is exhausted.

A detailed field-by-field description of each informational line follows. It is important to study these examples to gain a thorough understanding of each element as each *Remittance Advice* contains important information about claims and expected reimbursement.

Regardless of one's understanding of the *Remittance Advice*, it is sometimes necessary to contact IME Provider Services with questions. When doing so, keep the *Remittance Advice* handy and refer to the transaction control number of the particular claim. This will result in timely, accurate information about the claim in question.

2. Remittance Advice Field Descriptions

	Field Name	Field Description
A	R.A. No.	*Remittance Advice* number
B	Warrant Number	Check number (usually zeros). Contact IME for check number.
C	Provider Name	Name of the pay-to provider as registered with IME
D	Provider Address	Address registered with IME for the mailing of *Remittance Advice* and paper checks
E	Important IME Information	Reminders and updates from IME
F	Run Date	Date the *Remittance Advice* was created
G	Date Paid	Date the *Remittance Advice* was mailed and check was released
H	Prov. Number	National provider identifier (NPI) of the billing (pay-to) provider
I	Page	Page number

	Field Name	Field Description
J	Number of Claims	Number of claims processed for each defined status
K	Billed Amount of All Claims	Total dollar amount of claims billed for each defined status
L	Subtotal Amount Paid	Amount paid for each defined status
M	Amount of Deposit	Total check amount for claims paid on this *Remittance Advice*
N	EOB Code	Explanation of benefits (EOB) code or denial code
O	EOB Description	Description of the denial EOB
P	Number of Claims Posting EOB	Number of claims that denied for the EOB code described
Q	Total Billed Amt.	Total amount billed to Iowa Medicaid for claims in this status section
R	Total Other Sources	Third party insurance payment or spenddown amount applied for claims in this status section
S	Total Paid by Mcaid	Total amount paid by Medicaid for claims in this status section
T	Copay Amt.	Members' copayment amount (applied per date of service, when applicable) for claims in this status

1	Patient Name	Name of the member as shown on the Medical Assistance Eligibility Card (last name and first initial)
2	Recipient Ident Num	Member identification number (7 digits+letter)
3	Trans-Control-Number	17-digit transaction control number assigned to each claim
4	Dispense Date	Date of service
5	National Drug Code	11-digit NDC number
6	Sub Units	Number of units billed
7	Rx No.	Prescription number
8	Billed Amt.	Total amount billed to Iowa Medicaid for this claim
9	Other Sources	Third party insurance payment or spenddown amount applied to this claim
10	Paid by Mcaid	Total amount paid by Medicaid on this claim
11	Copay Amt.	Member's copay amount (applied per date of service, when applicable)

	Field Name	Field Description
12	Source of Payment	Allowed charge source codes are as follows: A Anesthesia B Billed charge C Percentage of charges D Inpatient per diem rate E EAC priced plus dispense fee F Fee schedule G FMAC priced plus dispense fee H Encounter rate I Prior authorization rate K Denied L Maximum suspend ceiling M Manually priced N Provider charge rate O Professional component P Group therapy Q EPSDT total over 17 R EPSDT total under 18 S EPSDT partial over 17 SP Not yet priced T EPSDT partial under 18 U Gynecology fee V Obstetrics fee W Child fee X Medicare or coinsurance deductibles Y Immunization replacement Z Batch bill APG 0 APG 1 No payment APG 3 HMO/PHP rate 4 System parameter rate 5 Statewide per diem 6 DRG auth or new 7 Inlier/outlier adjust 8 DRG ADR inlier 9 DRG ADR
13	EOB	Explanation of benefits (EOB) code, if denied. A description of the code can be found on the summary page of the *Remittance Advice* (Field O).

	Field Name	Field Description
14	Practitioner	Name of prescribing provider
15	Drug Name	Name and dosage of drug dispensed
16	Adj-R	Reason code indicating the reason for the adjustment
17	TCN-to-Credit	17-digit TCN number of the claim being credited