

New York State

June 2011 Special Edition

# Medicaid Update

THE OFFICIAL NEWSLETTER OF THE NEW YORK MEDICAID PROGRAM



## Nursing Homes/ Residential Health Care Facilities Medicaid Prescription Drug Carve-Out

► Beginning July 7, 2011, prescription drugs for Medicaid-only nursing home patients will be covered by the New York State Medicaid Fee-For-Service (FFS) Program.

### GENERAL INFORMATION

Effective July 7, 2011, reimbursement of prescription drugs for Medicaid-only nursing home residents will be covered through the Medicaid Pharmacy FFS program and billed directly to Medicaid by the dispensing long term care (LTC) pharmacy. This change in prescription drug reimbursement from a facility all-inclusive Medicaid rate to the Medicaid FFS program only applies to nursing homes (residential care facilities) as defined in Public Health Law § 2801.

This change only affects prescription drugs. Physician administered drugs (commonly referred to as J-code drugs), over-the-counter drugs, durable medical equipment (DME), medical supplies and immunization services will **NOT** be carved-out of the rate and will remain the responsibility of the nursing home facility.

The New York State Medicaid FFS program only provides reimbursement for prescription drugs included on the New York State Medicaid Pharmacy List of Reimbursable Drugs. The list is available online at: <http://www.emedny.org/info/formfile.html>.

### Attention Nursing Homes (Residential Health Care Facilities):

Daily rates will be established to reflect the shift in reimbursement of prescription drugs from the nursing home rate to fee for service. These new rates will apply to dates of service effective July 7, 2011 and are anticipated to be published in September 2011.

Prescription claims billed directly to the Medicaid FFS program will be subject to all Medicaid program requirements including frequency/quantity limits, refill limits, and prior authorization requirements as described in the Pharmacy Policy Manual. Please see: <http://www.emedny.org/ProviderManuals/Pharmacy/index.html>.

## ***PHARMACY ENROLLMENT INFORMATION***

### ***Pharmacy Enrollment***

Pharmacies that supply prescription drugs to nursing homes, including those that operate within a nursing home facility, must be enrolled in the Medicaid program in order to submit claims for reimbursement. No other entity can function as a billing agent for a LTC pharmacy.

Enrollment information can be found at the following Web sites:

1. **Pharmacy Enrollment Packet:**

<http://www.emedny.org/info/ProviderEnrollment/FFS%20Enrollment%20Packets/4090-Pharmacy%20Enrollment%20Packet/4090-Pharmacy.pdf>.

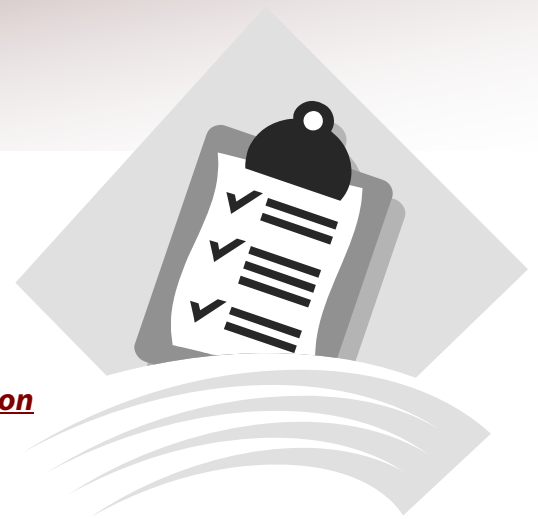
2. **Additional information to be submitted by out-of-state pharmacies:**

<http://www.emedny.org/info/ProviderEnrollment/FFS%20Enrollment%20Packets/4020-Out%20of%20State%20Pharmacy/4020-Out%20of%20State%20Pharmacy%20Applicants.pdf>.

### ***Provider Training***

New York State Medicaid provides training for billing providers. For information and training schedules please visit: <http://www.emedny.org/training/index.aspx>.

## **PHARMACY POLICIES AND PROGRAMS**



### **Patient Specific Orders (also known as Physician Orders, Medication Orders or Drug Orders)**

For drugs administered in the nursing home, multiple drugs for a resident can be ordered on a single patient specific prescription document. Pharmacies providing services to nursing homes are not required to obtain separate prescriptions for non-controlled prescription drugs. For acceptable prescription formats, please refer to NYS Education Department Law (SED) Article 137§6810(7)(b) and Regents Rules Section 29.7(a)(1).

Multiple drug orders are **NOT** allowable for controlled substances prescriptions. Prescriptions for controlled substances are limited to one controlled substance drug per official New York State Prescription Form (ONYSRx).

### **Unused Prescription Drugs**

LTC pharmacy service providers are required to credit Medicaid for any unused prescription drug(s) that is restocked and re-dispensed in accordance with Title 10 New York Codes, Rules and Regulation (NYCRR) 415.18(f). Please see: <http://w3.health.state.ny.us/dbspace/NYCRR10.nsf/56cf2e25d626f9f785256538006c3ed7/8525652c00680c3e8525652c004979e0?OpenDocument>.

Guidance on claim rebills/adjustments can be found online at:

[http://www.emedny.org/ProviderManuals/Pharmacy/ProDUR-ECCA\\_Provider\\_Manual/index.html](http://www.emedny.org/ProviderManuals/Pharmacy/ProDUR-ECCA_Provider_Manual/index.html).

### **Early Fill Edit**

An early fill response will be returned when a prescription claim is transmitted prior to the date when 75 percent of the previous supply would have been used if taken according to the prescriber's directions.

Early fills for patients entering a nursing home from the community or from an extended hospital stay are permitted. For new admissions/re-admissions to nursing homes, a pharmacy can override edit 01642 "Early Fill Overuse" denial at the point of sale by using the following combination:

- ▶ **National Council for Prescription Drug Programs (NCPDP) Reason for Service Code (439-E4) of 'NP'(New Patient Processing);**
- ▶ **A valid Result of Service Code (441-E6), and**
- ▶ **Submission Clarification Code (420-DK) of '02'.**

### **Prior Authorization Programs**

The Medicaid program requires prior authorization for certain drugs through the Preferred Drug Program (PDP), Mandatory Generic Drug Program (MGDP), Clinical Drug Review Program (CDRP), and Brand When Less Than Generic Program (BLTG).

The prescriber may need to obtain prior authorization for certain drugs. General information on prescription drug prior authorization can be found in the NYS Medicaid Program Pharmacy Manual and on the Magellan Medicaid Administration Web site at:

**NYS Medicaid Program Pharmacy Manual:**

[http://www.emedny.org/ProviderManuals/Pharmacy/PDFS/Pharmacy\\_Policy\\_Guidelines.pdf](http://www.emedny.org/ProviderManuals/Pharmacy/PDFS/Pharmacy_Policy_Guidelines.pdf).

**Magellan Medicaid Administration:** <https://newyork.fhsc.com>.

Additional information on specific prior authorization programs can be found at the following Web sites:

- **Preferred Drug Program:** [https://newyork.fhsc.com/providers/PDP\\_about.asp](https://newyork.fhsc.com/providers/PDP_about.asp).
- **Preferred Drug List:** [https://newyork.fhsc.com/downloads/providers/NYRx\\_PDP\\_PDL.pdf](https://newyork.fhsc.com/downloads/providers/NYRx_PDP_PDL.pdf).
- **Mandatory Generic Program:** [https://newyork.fhsc.com/providers/MGDP\\_about.asp](https://newyork.fhsc.com/providers/MGDP_about.asp).
- **Clinical Drug Review Program:** [https://newyork.fhsc.com/providers/CDRP\\_about.asp](https://newyork.fhsc.com/providers/CDRP_about.asp).
- **Brand When Less Than Generic Program:** [http://nyhealth.gov/health\\_care/medicaid/program/docs/bltg.pdf](http://nyhealth.gov/health_care/medicaid/program/docs/bltg.pdf).

**Attention Nursing  
Homes (Residential  
Health Care Facilities):**

**Residents Applying for Medicaid Enrollment**

When non-Medicare eligible residents are admitted to a nursing home and apply for Medicaid enrollment, their eligibility status is placed in a pending status until all required information is received and evaluated. During this time, prescription drug expenses are the responsibility of the resident and not Medicaid. **A Medicaid enrolled provider is not required to provide care, service or supplies to a non-enrolled individual without payment.**

The pharmacy may choose to handle prescription drug payment from a resident applying for Medicaid in one of the following ways:

- ▶ Bill the resident at the Private Pay rate;

**OR**

- ▶ Pend prescription drug claims and submit to Medicaid once eligibility has been established.

*Please note that with this option, any drugs requiring Medicaid prior authorization (PA) and dispensed while the resident's Medicaid enrollment is pending will not be reimbursed by Medicaid. PAs cannot be issued retroactively to the date the drug was dispensed. Please refer to the Medicaid Formulary File listed on [www.eMedNY.org](http://www.eMedNY.org) to determine if a prior authorization is required.*

Medicaid is not liable for payment of prescription drugs in the event a resident is denied Medicaid eligibility. Medicaid is also not liable for payment of prescription drugs dispensed prior to the effective date of Medicaid eligibility.

Guidance on claim rebills/adjustments is available online at:

[http://www.emedny.org/ProviderManuals/Pharmacy/ProDUR-ECCA\\_Provider\\_Manual/index.html](http://www.emedny.org/ProviderManuals/Pharmacy/ProDUR-ECCA_Provider_Manual/index.html).

**~ REMINDER~**

**The nursing home prescription drug carve-out applies to “Medicaid Only” Beneficiaries**

Receipts for paid prescriptions may be sent by the resident or their designated representative to their Local District Social Services (LDSS) office. Paid drug expenses will be applied against their NAMI\* (Net Available Monthly Income) by the LDSS office. If the NAMI is not sufficient to offset the drug expense, reimbursement will be provided by Medicaid to the resident or the resident's spouse, up to the Medicaid rate.

**NOTE:** Drug expenses billed to and paid by “pending Medicaid residents” and applied against their NAMI cannot also be billed to Medicaid once eligibility is established.

\*NAMI is the amount a Medicaid resident is responsible for paying towards their medical expenses (i.e. nursing home costs) each month (also referred to as 'spend down').

# Formulary Q&A



1. **Q. What is covered by the nursing home carve-out?**  
**A.** Only prescription drugs listed on the Medicaid Pharmacy List of Reimbursable Drugs are covered by the nursing home carve-out. This list is available online at: <http://www.emedny.org/info/formfile.html>.
2. **Q. What is not affected by the nursing home prescription drug carve-out?**  
**A.** Items not covered by the nursing home prescription drug carve-out are physician administered drugs (commonly referred to as J-code drugs), over the counter drugs, medical supplies, immunization services (vaccines and their administration), nutritional supplements, sick room supplies, adult diapers, and durable medical equipment (DME).
3. **Q. Are over the counter (OTC) drugs included in the nursing home carve-out?**  
**A.** No. OTC drugs are not included in the nursing home carve-out. They will remain the responsibility of the nursing home facility.
4. **Q. Are OTC drugs listed on the Preferred Drug List (PDL) also covered as a pharmacy benefit for nursing home residents?**  
**A.** No. OTC drugs are not included in the nursing home carve-out. They will remain the responsibility of the nursing home facility.
5. **Q. When administering medication through intravenous (IV) for Medicaid-only residents, are both the drug and the IV bag covered as a prescription drug benefit?**  
**A.** Prescription drugs on the List of Reimbursable Drugs are covered. However, payment for medical supplies, such as administration sets and IV bags, are not being carved out of the rate and continue to remain the responsibility of the nursing home facility. The Medicaid Pharmacy List of Reimbursable Drugs is available online at: <http://www.emedny.org/info/formfile.html>
6. **Q. Some injectable drugs such as Risperdal Consta are medical benefits under Medicaid, but a prescription benefit under Medicare Part D. Will the Medicaid Pharmacy fee-for-service program reimburse these drugs as a prescription benefit for our "Medicaid-Only" nursing home residents?**  
**A.** Injectable drugs such as Risperdal Consta are physician-administered drugs, commonly referred to as J-code drugs, and are not covered as a prescription benefit. These drugs will remain the responsibility of the nursing home facility. The Medicaid Pharmacy List of Reimbursable Drugs is available online at: <http://www.emedny.org/info/formfile.html>.
7. **Q. Are vaccines such as Zostavax reimbursable through the Medicaid Pharmacy program?**  
**A.** No. Immunizations are not included in the prescription drug carve-out and responsibility for payment of these products remains with the nursing home facility.

# Billing Q&A



- 1. Q. Are emergency supplies of prescription drugs requiring prior authorization permitted?**  
**A.** Yes. If a prior authorization number has not been obtained by the prescriber and the pharmacist is unable to reach the prescriber, the pharmacist may obtain a prior authorization for up to a 72 hour emergency supply of a multi-source brand-name or non-preferred drug, subject to State laws and Medicaid restrictions. Once a 72 hour supply prior authorization number is given and a 72 hour supply is dispensed, the prescription is no longer valid for the remaining quantity and refills. The pharmacist is expected to follow-up with the prescriber to determine future needs. Additional information is available online at:

*Instructions:* [https://newyork.fhsc.com/downloads/providers/NYRx\\_PA\\_emergency\\_supply\\_pharmacy\\_instructions.pdf](https://newyork.fhsc.com/downloads/providers/NYRx_PA_emergency_supply_pharmacy_instructions.pdf).  
*Work Sheet:* [https://newyork.fhsc.com/downloads/providers/NYRx\\_PA\\_emergency\\_supply\\_pharmacy\\_worksheet.pdf](https://newyork.fhsc.com/downloads/providers/NYRx_PA_emergency_supply_pharmacy_worksheet.pdf).
- 2. Q. Are Medicaid-covered drugs stocked in Emergency (E) Kits reimbursable?**  
**A.** Medication stocked by the facility in E-Kits and dispensed on an emergency basis to Medicaid-only residents should be billed by the dispensing pharmacy to the Medicaid fee-for-service pharmacy program. For acceptable prescription formats, see New York State Education Department Law (SED) Article 137 § 6810 (7) (b) and Regents Rules Part 29.7(a)(1).
- 3. Q. Will nursing home residents be subject to Utilization Threshold (UT) limits?**  
**A.** No. Services provided on a fee-for-service basis to nursing home residents are not subject to Utilization Threshold limits.
- 4. Q. Are pharmacies required to credit Medicaid for any unused medication returned from the nursing home?**  
**A.** Yes. Unused medications should be returned to the dispensing/vendor pharmacy. The LTC pharmacy service provider is required by Title 10 New York Codes, Rules and Regulation (NYCRR) 415.18(F) to reimburse or credit the purchaser of such drug products for any unused medication that is restocked and re-dispensed. Guidance on claim rebills/adjustments is available online at: [http://www.emedny.org/ProviderManuals/Pharmacy/ProDUR-ECCA\\_Provider\\_Manual/index.html](http://www.emedny.org/ProviderManuals/Pharmacy/ProDUR-ECCA_Provider_Manual/index.html).
- 5. Q. Is a newly admitted resident eligible for an early fill on their drugs?**  
**A.** Yes. When medically necessary, pharmacists can override edit 01642 "Early Fill Overuse" denial at the point of service by using a combination of the NCPDP Reason for Service Code (439-E4) of 'NP' (new patient processing), a valid Result of Service Code (441-E6), and a Submission Clarification Code (420-DK) of '02'.
- 6. Q. Is a resident recently returned from an extended hospital stay eligible for an early fill on their drugs?**  
**A.** Yes. As noted above, when medically necessary, pharmacists can override edit 01642 "Early Fill Overuse" denial at the point of service.
- 7. Q. Will changes in dose or therapy be denied by the Early Fill Edit?**  
**A.** No. Changes in dosage or therapy are considered new prescriptions and are not affected by the Early Fill Edit.
- 8. Q. How can a pharmacy submit claims for nursing home residents who are Medicaid pending?**  
**A.** For a resident who is admitted to a nursing home with a Medicare prescription drug plan and is applying for Medicaid, the Medicare prescription drug plan should be billed for the cost of the drugs and the resident is responsible for meeting their cost sharing responsibilities. Please see the 2006 Medicare Part D Special Edition of the Medicaid Update for additional information at: [http://nyhealth.gov/health\\_care/medicaid/program/update/2006/jun2006spec.htm](http://nyhealth.gov/health_care/medicaid/program/update/2006/jun2006spec.htm).

For a resident who is admitted to a nursing home with a non-Medicare eligible status and is applying for Medicaid, their prescription drug expense can either be billed to the resident at the private pay rate or pending by the pharmacy until the resident is certified as Medicaid eligible. Drug expenses billed and paid at the private pay rate cannot also be billed to Medicaid once eligibility is established.
- 9. Q. Will Medicaid-only nursing home residents be responsible to pay their co-pays?**  
**A.** No. Residents of a nursing home are exempt from Medicaid co-pays.

# Billing Q&A (continued)



10. **Q. Will Medicaid pay the co-pays for nursing home residents with private insurance and “creditable coverage”?**  
A. Yes. Medicaid will continue to pay the co-pays for these individuals using the current ‘coordination of benefits’ (COB) industry standards.
11. **Q. Will Medicaid pay the co-pays for Medicaid/Medicare dually eligible nursing home residents with Part D?**  
A. No. Medicaid will not pay the co-pays for dually eligible nursing home residents with Part D. However, please note that dually eligible nursing home residents are not subject to Medicare Part D co-payments once they have resided in the facility for one full calendar month.
12. **Q. Will Medicaid pay for prescriptions for Medicaid-only nursing home residents who are eligible for Medicare Part D?**  
A. No. When eligible for Medicare, and not covered by a ‘creditable’ third party prescription drug plan, enrollment in a Part D plan becomes a condition of New York State Medicaid eligibility. Effort should be made to enroll the resident into a Medicare Plan that meets his/her needs. Please see the Centers for Medicare and Medicaid Services (CMS) Web site at: [http://www.cms.gov/LowIncSubMedicarePresCov/03\\_MedicareLimitedIncomeNET.asp](http://www.cms.gov/LowIncSubMedicarePresCov/03_MedicareLimitedIncomeNET.asp).
13. **Q. Is there a limitation on the period between the date a patient specific drug order is written and the date the order is filled?**  
A. Yes. For Medicaid, a non-controlled prescription must be filled within 60 days of the date written.
14. **Q. Is there a limitation on the period between the date a patient specific drug order is filled and the date the claim is submitted to Medicaid?**  
A. Yes. With some exceptions, the claim must be submitted within 90 days of the date filled.
15. **Q. Can nursing home physicians and long term care (LTC) pharmacies participate in the Medicaid electronic prescribing initiative?**  
A. Yes, if the provider is enrolled in the NYS Medicaid program. Please see the April 2010 New York Medicaid Electronic Prescribing Incentive Final Guidance Special Edition for additional information at: [http://health.ny.gov/health\\_care/medicaid/program/update/2010/2010-04\\_special\\_edition.htm](http://health.ny.gov/health_care/medicaid/program/update/2010/2010-04_special_edition.htm).
16. **Q. Are Medicaid restricted recipients still restricted after they have been admitted to a nursing home?**  
A. Yes. When there is a non-emergency admission to an inpatient hospital, nursing home, adult home or drug/alcohol rehabilitation service facility, it is the responsibility of the facility where the beneficiary is admitted to inform the beneficiary’s primary care provider and the local district Restricted Recipient Program (RRP) Coordinator of the admission. After a review of the admission by the local district, it may be necessary to change the Medicaid beneficiary’s primary medical provider(s). For additional information contact the NYS Medicaid RRP program at (518) 474-6866.
17. **Q. When submitting claims for non-controlled drugs written on patient specific orders for nursing home residents, what should be entered into the serialized prescription number field and the origin code field?**  
A. Use NNNNNNNN in lieu of a serialized prescription number when submitting claims for non-controlled drugs written on patient specific orders.

Follow current guidelines for the origin code, as follows:

0 = Not Specified

2 = Telephone

4 = Facsimile

1 = Written

3 = Electronic



# Patient Specific Order/ONYSRx Format Requirement Q&A



- Q. Are controlled substances included in this carve-out?**  
A. Yes. Controlled substances are included in the nursing home carve-out.
- Q. Can controlled substances be written on a patient specific order?**  
A. No. Controlled substances cannot be written on a patient specific order. All prescriptions written for controlled substances must be written on individual serialized ONYSRx forms in order to be dispensed by a pharmacy.
- Q. Can LTC pharmacies partially fill an ONYSRx for a schedule II controlled substance (i.e. benzodiazepines)?**  
A. Yes. In accordance with NYCRR10 Volume A-1a, Subchapter K, Part 80, Section 80.73 (l), pharmacies may partially fill an ONYSRx for a schedule II controlled substance for Medicaid beneficiaries residing in nursing homes. However, due to system limitations, the claim may not be billed to Medicaid until it has been filled to completion or the pharmacy is notified by the practitioner that the prescription has been discontinued.
- Q. Are pharmacies permitted to receive faxed patient specific orders for controlled substances from nursing homes?**  
A. No; however, nursing homes can fax individual ONYSRx forms for controlled substances to the LTC pharmacy. These faxes must be followed up by a hardcopy of each ONYSRx.
- Q. Are pharmacies permitted to receive faxed patient specific orders for non-controlled substances from nursing homes?**  
A. Yes. Pharmacies may receive faxed patient specific orders for non-controlled substances from nursing homes.
- Q. What format(s) are acceptable for patient specific orders?**  
A. Patient specific orders for non-controlled drugs dispensed for nursing home residents by a pharmacy serving the nursing home under contract or otherwise may be transmitted to the pharmacy in accordance with written procedures approved by the medical or otherwise authorized board of the nursing home. See NYS Education Department (SED) Law Article 137 § 6810 (7) (b) and Regents Rules Part 29.7(a)(1).  
  
The standard quantity of the non-controlled drug will not be required on each patient-specific order as long as the nursing home and pharmacy establish written procedures that enable the pharmacy to determine and dispense the quantities ordered and provided the pharmacy maintains said written procedure available for audit. Acceptable written procedures can include, but are not limited to the nursing home's standard policy document or a contract between the nursing home and the pharmacy.
- Q. What refill and day supply limitation is there in the Medicaid program?**  
A. The maximum quantity allowed is a 30 day supply or 100 units, except for long term maintenance drugs as defined in 18NYCRR Section 505.3(e) (ii). No more than five refills are permitted. Orders/prescriptions expire six months from the date written.
- Q. Is the quantity of medication ordered required on patient specific orders?**  
A. Medicaid will not require the "standard" quantity of each non-controlled drug on patient specific orders. However, the nursing home must maintain and have available for audit written procedures that include the facility's standard quantity. These procedures must be approved by the medical or otherwise authorized board of the nursing home as noted in NYS Education Department (SED) Law Article 137 § 6810 (7) (b) and Regents Rules Part 29.7(a)(1).