Pharmacy Specialty Training

Health First Colorado
(Colorado's Medicaid Program)

COLORADO
Department of Health Care
Policy & Financing

Training Overview

General Information and Covered Drugs

PARs

Billing and Payment

Resources

Drugs Restricted from Coverage

- The Department does not cover certain drugs as a benefit:

  ➢ Non-rebateable drugs

  ➢ Fertility drugs

  ➢ Drug Efficacy Study Implementation (DESI) drugs

  ➢ Cosmetic drugs

  ➢ Weight-loss drugs

  ➢ Sexual or Erectile Dysfunction drugs

  ➢ Drugs administered in a physician's office or clinic, except extended-release injectable drugs which treat mental health or substance use disorders.

Drugs Restricted from Coverage
Brand Name Drugs

• Most brand-name drugs with a generic therapeutic equivalent are not covered by Health First Colorado; unless the brand name drug is more cost effective than the generic as determined by the Department. Please see Brand Favored Product List for more information.

Exceptions **without** a PAR:

• Biologically based mental illness defined in 10-16-104 (5.5), C.R.S.

• Drugs for the treatment of cancer

• Drugs for the treatment of epilepsy

• Human immune deficiency virus and acquired immune deficiency syndrome

Exceptions **with** a PAR:

• Member has tried the generic equivalent but is unable to continue treatment on the generic drug.

• The physician is of an opinion that a transition to the generic equivalent of a brand name drug would be unacceptably disruptive to the patients stabilized drug regimen.

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Drugs Restricted from Coverage
Physician-Administered Drugs

- Extended-release injectable drugs which treat mental health or substance use disorders, and are administered in a pharmacy, physician's office, or clinic, may be considered part of the physician's services benefit and billed on the physician claim form; such drugs may also be considered a pharmacy benefit and billed by a pharmacy.

- Any other drugs administered in a physician's office or clinic are considered part of the physician's services benefit only and are not a pharmacy benefit. Practitioners may not send a member to the pharmacy to obtain an injectable drug for use in the practitioner's office. Any other injectable drugs may be covered and billed by a pharmacy only when:

- ➢ The drug is self administered by the member in their home.
- ➢ The drug is administered by a healthcare professional in the member's home.
- ➢ The drug is administered in a long-term care facility where the member resides.

Medicaid Part D and Dual Eligible

Health First Colorado will only pay for certain drugs that are designated as "excluded" under Medicare's policies for dual eligible members.

- If a drug is covered by Medicare, then Medicaid cannot and will not pay for the drug.

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Dispensing Fee Determination

- The Department has contracted with Myers and Stauffer to conduct the Total Annual Prescription Volume (TAPV) survey of pharmacy providers. The prescription volume information submitted by most pharmacy types is used to determine their dispensing fee for the following calendar year.
  - ➤ Any pharmacy failing to respond to the survey will be reimbursed $9.31 for a professional dispensing fee under the methodology.
  - ➤ Any new or Change of Ownership (CHOW) pharmacy providers are required to submit a TAPV during the enrollment process in order to get a dispensing fee.
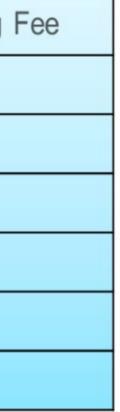
How TAPV is submitted:

Every October dispensing fees are updated based off TAPV surveys. Myers and Stauffer sends the TAPV survey to pharmacy providers and pharmacies submit their responses (via fax, email or mail) to Myers and Stauffer.

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Dispensing Fee Determination

Number of Prescriptions	Professional Dispensing Fee
Less than 60,000	$13.40
60,000 to 89,999	$11.49
90,000 to 109,999	$10.25
More than 110,000	$9.31
State determined Rural	$14.14
Governmental	$0.00

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Average Acquisition Cost Rates

- If a pharmacy believes that an AAC rate does not accurately reflect the cost of a drug, the pharmacy may request a rate review by submitting a completed AAC inquiry form to Myers and Stauffer.

- The AAC inquiry form may also be emailed to copharmacy@mslc.com.

- Pharmacy providers may contact Myers and Stauffer's toll-free help desk line at 800-591-1183 for questions concerning the AAC rates or inquiries.

- Current AAC rates are posted on Myers and Stauffer's website.

Preferred Drug List (PDL)

- Examples of Drug Classes on the PDL:

  ➢ Proton Pump Inhibitors

  ➢ ADHD/Stimulant Agents

  ➢ Statins

  ➢ Antidepressants

  ➢ Atypical Antipsychotics

- The complete Preferred Drug List (PDL) and prior authorization criteria for non-preferred

Drugs are available in the Pharmacy Preferred Drug List (PDL) section which can be found on the

Pharmacy Resources webpage

Mail Order Program

- Enrolled Medicaid fee-for-service (FFS) members may receive their outpatient maintenance medications for chronic conditions through the mail from participating pharmacies.

- Local and out-of-state pharmacies may provide mail-order prescriptions for Medicaid members if they are enrolled with Health First Colorado and are registered and in good-standing with the State Board of Pharmacy.

- Non-maintenance products submitted by a pharmacy for mail order prescriptions will deny.

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Partial Fills and/or Prescription Splitting

- Prescriptions generally cannot be dispensed in quantities less than the physician ordered unless the quantity ordered is more than a 100-day supply for maintenance medications or more than a 30-day supply for non-maintenance medications.

Exception:

Initial incremental fills are allowed for DEA Schedule II medications. Subsequent incremental fills for Schedule II medications are allowed for members residing in Long Term Care (LTC) facilities.

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Three Day Emergency Supply

- An emergency is any condition that is life threatening.

- In an emergency, when a PAR cannot be obtained in time to fill the prescription, pharmacies may dispense a 72- hour supply of covered outpatient prescription drugs to an eligible member.

- Prior Authorization Requests are processed by the Magellan Health Help Desk.

- **NOTE: Undocumented Non-U.S. Citizens are not eligible for the 72-hour emergency supply.**

Prior Authorization Requests

- Prior Authorization information is available in the Pharmacy Appendix P (Pharmacy Prior Authorization Policies) section.

- Prior Authorization Requests are processed by the Magellan Health Help Desk 24 hours a day, 7 days a week. The Toll-Free telephone number is 1-800-424-5725.

Billing and Payment
Pharmacy Reimbursement Methodology

- The allowed ingredient cost shall be the lesser of Average Acquisition Cost (AAC), National Average Drug Acquisition Cost (NADAC) or Submitted Ingredient Cost. If AAC or NADAC are not available, the allowed ingredient cost shall be the lesser of the MAC or Submitted Ingredient Cost.

- Note, the methodology for clotting factor drugs is lesser of Submitted Ingredient Cost or Wholesale Acquisition Cost (WAC). This will be changing on 4/1/2022 to the lesser of AAC or Submitted Ingredient Cost. If AAC is not available, the allowed ingredient cost shall be the lesser of Clotting Factor Maximum Allowable Cost (CFMAC) or Submitted Ingredient Cost.

Billing and Payment
Coordination of Benefits

- Third party payments by other insurance carriers must be reported on the claim and are deducted from any applicable Health First Colorado payments.

- If the third-party payment is equal to or greater than the Health First Colorado allowable benefit, the Health First Colorado program will make no additional payment.

Billing and Payment
Dispense As Written (DAW) Override Codes

- Health First Colorado allows the dispensing of brand products to override the generic drug substitution mandate with the following DAW codes:

DAW Override Codes	Descriptions
DAW 1	Substitution Not Allowed by Prescriber
DAW 8	Substitution Allowed- Generic Drug Not Available in Marketplace *No Substitution Product Available; Only Accommodates for Drug Shortages*
DAW 9	Substitution Allowed by Prescriber, but Plan Requests Brand

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DAW Override Code	DAW 1 Substitution Not Allowed by Prescriber
Claim Scenario	Prescriber has indicated the brand name drug is medically necessary, but the Medicaid program's policy does not pay for the brand-named product.
Claim Result	Product will hit for PAR (brand-named product medically necessary). If PAR is authorized, claim will pay with DAW1 code.

DAW Override Code	DAW 8 Substitution Allowed-Generic Drug Not Available in Marketplace
Claim Scenario	There is a marketplace shortage for the generic version of the prescribed drug and only the brand-name product is available at this time.
Claim Result	The product billed will be validated by Magellan's Drug Availability Surveillance (DAS) group for shortages with comments by the manufacturers. If the drug is on the DAS spreadsheet, the claim will pay with DAW8 code.

DAW Override Code	DAW 9 Substitution Allowed by Prescriber but Plan Requests Brand
Claim Scenario 1	Health First Colorado's drug list criteria designates the brand product as preferred, i.e. BNR (brand name required).
Claim Scenario 2	In some cases, Health First Colorado's drug list designates both brand and generic as non-preferred products (NPP). In this situation, DAW 9 may be used for the non-preferred brand product to be dispensed.
Claim Result 1	If the drug is designated as BNR and a clinical PA is authorized, drug will pay using DAW 9 code.
Claim Result 2	If the clinical PA is authorized, drug will pay using DAW 9 code.

Billing and Payment
Other Coverage Codes

When a member has other insurance, the Other Coverage Codes are required to be submitted on the claim.

- The following are the only "Other Coverage Codes" codes permitted on Pharmacy claims:
  - ➢ 0= Not Specified
  - ➢ 1= No Other Coverage Identified
  - ➢ 2= Other Coverage Exists- Payment Collected
  - ➢ 3= Other Coverage Exists- This Claim Not Covered
  - ➢ 4= Other Coverage Exists- Payment Not Collected
- If the Other Coverage Code is something other than 0,1, 2, 3, or 4, the claim will reject.

The Colorado Medical Assistance Program uses the National Council on Prescription Drug Programs (NCPDP) electronic format and the Pharmacy Claim Form (PCF) to submit prescription drug claims.

- For detailed instructions on how to fill out the PCF, please see the Pharmacy Billing Manual.

Billing and Payment
Record Retention for Pharmacies

Providers are required to maintain prescription records as a condition of participating in Health First Colorado.

• The State Board of Pharmacy requires an exact duplicate of the original prescription to be available in a reproducible format.

• The Department's rules stipulate that the pharmacist shall be responsible for assuring reasonable efforts have been made to obtain, record and maintain member information from the member or his/her apparent agent for each new prescription.

➢ Record Requirements 10 C.C.R 2505-10, section 8.800.11

Billing and Payment
Claims Submission Timely Filing Limits

Point of sale claims are generally submitted at the time of dispensing. If a claim is submitted after a drug is dispensed due to mitigating circumstances, the following guidelines apply:

- For all original claims, the timely filing limit from the DOS is 120 days.

- For all reversals, the timely filing limit from the DOS is unlimited.

- For all re-bill claims, the timely filing limit from the DOS is 120 days.

- For all encounters, the timely filing limit from the DOS is unlimited.

For DME/Supply claims, the timely filing limit is 365 days.

Submitting a Timely Filing Override Request

- Pharmacies may submit a Request for Reconsideration to Magellan Rx Management within 60 days of the most recent claim or prior reconsideration denial.

- For more detailed information please refer to the Pharmacy Billing Manual.

- Date Rx Written should be the original date written

- Date of Service (DOS) should be the actual DOS; i.e. the date the prescription was filled by the pharmacy

- The Date Rx Written is used as a factor in refill editing logic

Billing and Payment
340B Drug Discount Program

The 340B Drug Discount Program is a federal program that requires drug manufacturers to provide outpatient drugs to eligible health care organizations and covered entities at significantly reduced prices.

Health First Colorado requires entities to either carve-in (dispense 340B drugs) or carve-out (not dispense 340B drugs). If entities decide to carve-in they must abide by policies outlined by the Health Resources and Services Administration 340B Drug Pricing Program.

The Department requires values per claim to indicate that is it a 340B drug:

- '20' should be submitted in the Submission Clarification Code field (NCPDP #420-DK)
- '05' or '08' should be estimated in the Basis of Cost Determination field (NCPDP #423-DN)

Contract pharmacies cannot bill for 340B claims; only covered entities can bill for 340B claims.

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Billing and Payment
Compound Drug Claims

Compounded prescriptions shall be billed by submitting all ingredients in the prescription as one multiple-line claim.

• The provider will be reimbursed for each ingredient of the prescription according to Section 8.800.13 and will also be reimbursed for the dispensing fee according to Section 8.800.13.H.

• A compounding fee, over and above the stated dispensing fee, will not be paid.

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Billing and Payment
Refill Too Soon Policy

- Non-scheduled drugs may be refilled when 75% of the day supply has lapsed.

- DEA Schedule II through V drugs may be refilled when 85% of the day supply has lapsed.

- For non-mail order transactions, there is a maximum of 20-day accumulation allowed every rolling 180 days.

- Contact the Pharmacy Help Desk for overrides related to change of dosing.

- Refer to the Pharmacy Billing Manual for Temporary COVID-19 Policy and Billing changes.

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1. **Prior authorization required.** NCPDP Error Code 75. Based on the Department's requirements, designated drugs are identified as requiring prior authorization. If there is no active PA present, the system will deny the claim.

2. **DUR Reject Error.** NCPDP Error Code 88. This edit evaluates drug utilization based on the Department's requirements such as dosing, day supply, drug interactions etc. Each error code will have a supplemental message to provide specific feedback as to what triggered it.

3. **Plan Limitation Exceeded.** Error Code 76. The Department determines maximum quantity and/or day supply limits that can be claimed for all drugs, in addition to the maximum/minimum numbers for drugs on a per claim basis with the option to reject or reduce and pay.

4. **Product/Service Not Covered.** Error Code 70. The Department determines which products are not a covered benefit. This may include drugs that are DESI, weight loss, fertility, sexual dysfunction, etc. Each error code will have a supplemental message to provide specific feedback as to what triggered it.

5. **Patient Enrolled Under Managed Care.** Error Code AF. This error message indicates that a member is enrolled under a Managed Care plan; the claim should be billed through the Managed Care Plans Pharmacy Benefit Manager.

Billing and Payment

- For more detailed benefit and billing information, refer to:

  https://hcpf.colorado.gov/Billing-Manuals
  - ➢ Pathway: Billing Manuals web page → Pharmacy drop-down → Pharmacy Billing Manual

Resources
Magellan Contact Information

Magellan Rx Management Pharmacy Call Center

- Phone: 1-800-424-5725

- Fax: 1-800-424-5881

- 24 hours a day, 7 days a week

Magellan Rx Management Provider Network team

- Email: RxNetworksDept@magellanhealth.com

Paper Pharmacy Claims

Send to Magellan Rx Management: Magellan Health Service

Attention Paper Claims Processing

P.O. Box 85042

Richmond, VA 23242

Resources

Provider Contacts Web Page

https://hcpf.colorado.gov/provider-help

- Provider Services Call Center

Training Web Page

https://hcpf.colorado.gov/provider-training

Billing Manuals Web Page

https://hcpf.colorado.gov/billing-manuals

- Nursing Facility Billing Manual

- Appendix R (for a detailed list of Explanation of Benefits (EOB) codes)

- General Provider Billing Manual

Resources

Quick Guides web page

https://hcpf.colorado.gov/interchange-resources
- Copy, Adjust, or Void a Claim – Provider Web Portal Quick Guide
- Reading the Remittance Advice (RA) – Provider Web Portal Quick Guides

Telemedicine during COVID-19 web page

https://hcpf.colorado.gov/provider-telemedicine

Health First Colorado Enrollment and Revalidation Information Center
- Phone: 1-844-235-2387

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Thank you!