

## Health First Colorado Pharmaceutical Benefit Help Guide

*(for members who do not have Health First Colorado, please see the respective plan webpage for coverage policies and other information)*

1. Pharmaceutical products / drugs / medications administered in the outpatient setting may be covered under the medical benefit, the pharmacy benefit, or both.
2. The lower-of pricing logic will always be used, regardless of which benefit is billed.
3. The setting where the medication is administered will determine the benefit under which it is covered. For medications administered in:
  - a. Inpatient Hospital
    - i. Covered by the medical benefit and billed on an institution claim (UB-04)
      1. Reimbursed using the All-Patient Refined Diagnosis Related Group (APR-DRG) methodology
      2. [Billing Manual](#)
    - b. Outpatient Hospital
      - i. Covered by the medical benefit and billed on an institution claim (UB-04)
        1. Reimbursed using the Enhanced Ambulatory Patient Grouping System (EAPG) methodology
        2. [Billing Manual](#)
      - ii. Some drugs may fall in the Outpatient Hospital Specialty Drug Carveout Policy and require prior authorization approval prior to being administered and reimbursed
        1. Additional policy information can be found in the [IP and OP billing manual](#)
        2. A current list of approved codes can be found on [Appendix Z](#)
    - c. Doctor's office, clinic, etc.
      - i. Covered by the medical benefit and billed on a professional claim (CMS 1500)
        1. Reimbursed using the Physician-Administered Drug (PAD) Fee Schedule
        2. [PAD Billing Manual](#)
        3. Specific coverage information can be found on [Appendix Y](#)
        4. [PAD Fee Schedule](#)
      - ii. Covered by the pharmacy benefit and billed in the Point of Sale (POS) system
        1. Reimbursed using Average Acquisition Cost (AAC), National Average Drug Acquisition Cost (NADAC), Submitted Ingredient, Usual and Customary or Maximum Allowable Cost (MAC) methodologies
        2. [Pharmacy Billing Manual](#)
        3. Specific coverage information can be found on [Appendix P](#).
        4. [Pharmacy Rate List](#)

5. [Pharmacist Services Billing Manual](#)
  - d. Pharmacy (Vaccines or certain drugs as allowed per policy)
    - i. Covered by the medical benefit and billed on a professional claim (CMS 1500)
      1. Reimbursed using the PAD or the Immunization Fee Schedule
      2. [Pharmacy Services Billing Manual Additional Information/Policy](#)
      3. [PAD Billing Manual](#)
      4. [PAD and Immunization Fee Schedules](#)
    - ii. Covered by the pharmacy benefit and billed in the Point of Sale (POS) system
      1. Reimbursed using Average Acquisition Cost (AAC), National Average Drug Acquisition Cost (NADAC), Submitted Ingredient, Usual and Customary or Maximum Allowable Cost (MAC) methodologies
      2. [Pharmacy Billing Manual](#)
      3. Specific coverage information can be found on [Appendix P](#) and the [Preferred Drug List \(PDL\)](#)
      4. [Pharmacy Rate List](#)
      5. [Pharmacist Services Billing Manual](#)
  - e. Members' Home or Long-Term Care Facility (self-administered, administered by a non-healthcare professional caretaker or administered by a healthcare professional)
    - i. Covered by the pharmacy benefit and billed in the Point of Sale (POS) system
      1. Reimbursed using Average Acquisition Cost (AAC), National Average Drug Acquisition Cost (NADAC), Submitted Ingredient, Usual and Customary or Maximum Allowable Cost (MAC) methodologies
      2. [Pharmacy Billing Manual](#)
      3. Specific coverage information can be found on [Appendix P](#) and the [Preferred Drug List \(PDL\)](#)
      4. [Pharmacy Rate List](#)
4. Policy Restrictions
    - a. Processes known as "white-bagging" and "brown-bagging", where a drug is billed to the pharmacy benefit and then administered in the hospital, clinic, or office are not permitted.
      - i. "White-bagging" is defined as the distribution of patient-specific drug from a pharmacy to a medical provider's office, clinic or hospital for administration.
      - ii. "Brown-bagging" is when a pharmacy dispenses a medication directly to the member, who then transports the drug to the provider's office, clinic or hospital for administration.
    - b. Exceptions
      - i. Effective January 14, 2022, PADs associated with House Bill 21-1275

may not be subject to policy restrictions.

1. For additional information and all applicable PADs, refer to the [Pharmacist Services Billing Manual](#)
2. Any applicable criteria can be found on [Appendix P](#)

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Setting or place of administration	Paid for by which benefit (medical or pharmacy)?	Reimbursement Methodology	Where to find more details
Drugs administered in the Inpatient Hospital setting	Medical benefit and billed on the UB-04	All-Patient Refined Diagnosis Related Group (APR-DRG)	<a href="#">Billing Manual</a>
Drugs administered in an Outpatient Hospital setting	Medical benefit and billed on the UB-04	Enhanced Ambulatory Patient Grouping System (EAPG)  <b>OR</b>  According to the Outpatient Hospital Specialty Carveout Policy	<a href="#">Billing Manual</a>
Drugs administered in a doctor's office, clinic or pharmacy	Medical benefit and billed on the CMS 1500  <b>OR</b>  Pharmacy benefit and billed in the POS system	PAD Fee Schedule  <b>OR</b>  Average Acquisition Cost (AAC) OR National Average Drug Acquisition Cost (NADAC) OR Submitted Ingredient Cost OR Usual and Customary OR Maximum Allowable Cost (MAC)	<a href="#">PAD Billing Manual</a>  <a href="#">PAD and Immunization Fee Schedules</a>  <a href="#">Pharmacist Services Billing Manual</a>

<p>If the member resides:</p> <p>At home</p> <p>AND</p> <p>The drug is self-administered</p> <p>OR</p> <p>The drug is administered by a non-healthcare professional caregiver, such as a guardian or parent</p> <p>OR</p> <p>The drug is administered by a healthcare professional</p>	<p>Pharmacy benefit and billed in the POS system</p>	<p>Average Acquisition Cost (AAC) OR National Average Drug Acquisition Cost (NADAC) OR Submitted Ingredient Cost OR Usual and Customary OR Maximum Allowable Cost (MAC)</p>	<p><a href="#">Pharmacy Billing Manual</a> <a href="#">Appendix P</a> and the <a href="#">Preferred Drug List (PDL)</a> <a href="#">Pharmacy Rate List</a></p>
<p>If the member resides:</p> <p>In a Long-Term Care Facility (LTCF)</p> <p>AND</p> <p>The drug is self-administered</p> <p>OR</p> <p>The drug is administered by a healthcare professional</p>	<p>Pharmacy benefit and billed in the POS system</p>	<p>Average Acquisition Cost (AAC) OR National Average Drug Acquisition Cost (NADAC) OR Submitted Ingredient Cost OR Usual and Customary OR Maximum Allowable Cost (MAC)</p>	<p><a href="#">Pharmacy Billing Manual</a> <a href="#">Appendix P</a> and the <a href="#">Preferred Drug List (PDL)</a> <a href="#">Pharmacy Rate List</a></p>