

Beginning Billing Workshop Pharmacy

Health First Colorado
(Colorado's Medicaid Program)
2018



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Pharmacy Reimbursement Methodology

- Claims adjudicate using the “lesser of” methodology:
 - Average Acquisition Cost (AAC)
 - If no AAC exists then Wholesale Acquisition Cost (WAC)
 - Usual and Customary (U&C)
 - Submitted Ingredient Cost



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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 or faxed to 317-571-8481.
- 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 at www.mslc.com/Colorado/.



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



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 here: [Pharmacy Resources](#).



Prior Authorization Guidelines

- Prior Authorization information is available in the Pharmacy Appendix P (Pharmacy Prior Authorization Policies) section which can be found here: [Pharmacy Resources](#).
- 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 800-424-5725.



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Drugs Restricted from Coverage

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



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Brand Name Drugs

- Most brand-name drugs with a generic therapeutic equivalent are not covered by Health First Colorado.
 - 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 patient's stabilized drug regimen.



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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



DAW 1 Override Code Scenario

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 8 Override Code Scenario

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 9 Override Code Scenario

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.



Top 5 Claim Denials

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 denied based on age, gender, other coverage exists, dose requirements, 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.



Medicare 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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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.



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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 Other Coverage Code is something other than 0,1, 2, 3, or 4 claim will reject



Colorado Pharmacy Claim Form (PCF-2)

- 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](#).

Colorado Medical Assistance Program
Colorado Pharmacy Claim Form (PCF-2)

I. Client Information		
Client's Medicaid ID Number: _____	Group ID: <u>COMEDICAID</u>	Colorado Relationship Code: <u>1</u>
Client's Name (Last/First/Middle Initial): _____		
Client's Street Address: _____	Client's City: _____	Client's Zip Code: _____
Other Coverage Code: _____	Client's DOB (MM/DD/YYYY): <u> / / </u>	

II. Pharmacy Information	
Service Provider ID: _____	Service Provider ID Qualifier: <u>01</u>

III. Prescriber Information	
Prescriber's Last Name: _____	Prescriber's Phone Number: <u> - - </u>
Prescriber's ID: _____	Prescriber's ID Qualifier: <u>01</u>

IV. Claim Information (Claim must be for the same client as listed above)		
Prescription Number: _____	Fill Number: _____	Days Supply: _____
Date Written: <u> / / </u>	Date Filled: <u> / / </u>	Prescription # Qualifier: _____
DAW Code: _____	PA Type Code: _____	Quantity Prescribed: _____
Product ID: _____	Product ID Qualifier: _____	Quantity Dispensed: _____
Submitted Ingredient Cost: _____	Total Charge: _____	Gross Amount Due: _____
Unit of Measure: _____	Prescription Origin Code: _____	

V. Other Payer Information		
Other Payer Coverage Type: _____	Other Payer Date: <u> / / </u>	
Other Payer Amount Paid: _____	Other Payer Amount Paid Qualifier: _____	
Other Payer Reject Code: _____	Other Payer Patient Responsibility Amount: _____	
Other Payer Patient Responsibility Amount Qualifier: _____		
Compound Claim: _____	Diagnosis Code Qualifier: <u> </u>	Diagnosis Code: <u> </u>
RX Override: _____	RX Override: _____	RX Override: _____

VI. Complete this Section for Compound Prescriptions Only Limit 1 Compound Prescription Per Claim Form			
Ingredient Name	NDC	Quantity	Ingredient Cost

Signature: _____ Date: / /

This is to certify that the foregoing information is true, accurate, and complete. This is to certify that I understand that payment of this claim will be from Federal and State funds and that my fabrication or concealment of material fact may be prosecuted under Federal and State laws.

This form should be printed, completed by hand, or typed and mailed to Magellan Rx Management
Please mailed completed form(s) to:
Magellan Health Service, Attention Paper Claims Processing, P.O. Box 85042, Richmond, VA 23242
Revised 2/25/2017

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



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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.



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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
 - Claims that exceed the timely filing limit will deny with NCPDP Error 81, "Timely Filing Exceeded"
 - Exception requests must be submitted to the Department
- Paper Claims
 - Timely filing limit from the DOS is 120 days

Please Note: Timely filing requirement for claims submitted on a 1500 form is 240 days

DME/Supply claims have a timely filing limit of 365 days.



Claims Submission Timely Filing Limits (cont.)

- Submitting a Timely Filing Override Request
 - Pharmacies may submit a Request for Reconsideration to Magellan Rx Management at 1-800-424-5725 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



340B Drug 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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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.A-F, 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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Three Day Emergency Supply

- An emergency situation 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.

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

- Prior Authorization Requests are processed by the Magellan Health Help Desk at 1-800-424-5725.



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Physician-Administered Drugs

- Drugs administered in a practitioner's office or clinic must be billed by the practitioner on the physician claim form. Pharmacies cannot bill for drugs administered in a practitioner's office.
- Practitioners may not send a member to the pharmacy to obtain an injectable drug for use in the practitioner's office.
- Injectable drugs may be billed by a pharmacy only when:
 - The drug is self administered by the member in their home
 - The drug is administered by a home health nurse in the members home
 - The drug is administered in a long-term care facility where the member resides



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:
 - ATTN: Pharmacy Call Center
 - 14100 Magellan Plaza
 - Maryland Heights, MO 63043
- Health First Colorado Enrollment and Revalidation Information Center
 - - Phone: 1-844-235-2387



Benefit and Billing Information

For more detailed benefit and billing information, refer to:

<https://www.Colorado.gov/hcpf/Billing-Manuals>

Billing Manuals → Pharmacy



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Provider Services Call Center

1-844-235-2387

[Download the Call Center Queue Guide](#)

7 a.m. - 5 p.m. MST Monday, Tuesday, & Thursday

10 a.m. - 5 p.m. MST Wednesday & Friday

The Provider Services Call Center will be utilizing the time
between 7 a.m. and 10 a.m.

on Wednesdays and Fridays to return calls to providers.



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**Thank you! Please feel free
to ask us any questions you
may have.**



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