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Pharmacy Reimbursement Methodology Changes

On January 11, 2016, the Centers for Medicare & Medicaid Services (CMS) notified DMA that our State Plan Amendment (14-047) had been reviewed and consistent with 42 CFR 430.20 was approved with an effective date of January 1, 2016.

The approved SPA proposes that the State will use an average acquisition cost (AAC) reimbursement methodology to reimburse brand and generic drug ingredient costs. The National Average Drug Acquisition Cost (NADAC) will be used to determine the AAC when NADAC is available. If NADAC pricing is not available, the State will calculate the AAC as the Wholesale Acquisition Cost (WAC) + 0%. The amendment also proposed that the State pay pharmacies a tiered dispensing fee as follows:

- \$13.00 when 85% or more claims per quarter are for generic or preferred brand drugs,
- \$7.88 when less than 85% of claims per quarter are for generic or preferred brand drugs and
- \$3.98 for non-preferred brand drugs

DMA has posted a NADAC FAQ which may be referenced at [NADAC FAQ](#).

This reimbursement methodology IS NOT programmed in NCTracks at this time.

Once programming is completed, pharmacy claims paid between January 1, 2016, and when the updated reimbursement methodology is implemented into NCTracks will be reversed and rebilled according to the updated reimbursement methodology.

Until then, pharmacies will continue to be paid according to the current reimbursement methodology. Pharmacies are advised that this may result in an overpayment once the reverse and rebilling process is completed. Any difference will be recouped against future payments.

CMS Issues Final Outpatient Pharmacy Drugs Policy

On January 21, 2016, the Centers for Medicare & Medicaid Services (CMS) issued a final rule with comment to implement the Medicaid drug rebate provisions in the Affordable Care Act. North Carolina's approved SPA updating its pharmacy reimbursement methodology aligns well and is consistent with the regulations within this new policy.

The rule addresses key areas of Medicaid drug reimbursement and changes made to the Medicaid Drug Rebate Program by the Affordable Care Act. Among other things, this final rule ensures federal and state savings on Medicaid drug costs, establishes the long term framework for implementation of the Medicaid drug rebate program, and creates a more fair reimbursement system for Medicaid programs and pharmacies. For more information, including summaries of key provisions of the final rule, visit the [Covered Outpatient Drugs Policy](#) page on [Medicaid.gov](#).

NC Medicaid Provider Enrollment Requirement

42 CFR 455.410 requires any attending, rendering, ordering, referring or prescribing (OPR) providers to enroll with NC Medicaid and/or NC Health Choice (NCHC), to help prevent and detect fraud and abuse. This includes anyone who orders, refers, or prescribes services or items (such as pharmaceuticals) to NC Medicaid and NCHC beneficiaries, and seeks reimbursement.

Beginning with date of service February 1, 2016, NC Medicaid will comply with this regulation and new editing in NCTracks will ensure the prescribing provider NPI submitted on a pharmacy claim is enrolled. The only exception is residents of teaching schools and AHECs and providers employed in the State operated facilities until August 1, 2016. If the prescribing provider is not enrolled, the pharmacy claim will deny and the pharmacy will receive notification that prescribing provider is not enrolled. Prior Authorization (PA) or the emergency override (03) will NOT bypass the edit and will NOT allow the pharmacy claim to pay.

Pharmacies are encouraged to assist the beneficiary in getting the prescription written on the order of an enrolled provider when a pharmacy claim denies for this reason.

Re-Credentialing Due Dates for Calendar Year 2016

The N.C. Division of Medical Assistance (DMA) has posted a Special Medicaid Bulletin [Re-Credentialing Due Dates for Calendar Year 2016](#) on the DMA website. In addition, DMA has posted a [spreadsheet](#) listing all active providers who are scheduled for re-credentialing in 2016 (by month). It can also be found under the "Re-credentialing" header of the DMA Provider Enrollment web page at <http://dma.ncdhhs.gov/providers/provider-enrollment>.

72-hour Emergency Supply Available for Pharmacy Prior Authorization Drugs

Pharmacy providers are encouraged to use the 72-hour emergency supply allowed for drugs requiring prior authorization. ***Federal law requires that this emergency supply be available to Medicaid recipients for drugs requiring prior authorization*** (Social Security Act, Section 1927, 42 U.S.C. 1396r-8(d)(5)(B)). Use of this emergency supply will ensure access to medically necessary medications.

The system will bypass the prior authorization requirement if an emergency supply is indicated. Use a "3" in the Level of Service field (418-DI) to indicate that the transaction is an emergency fill. ***Note: Copayments will apply and only the drug cost will be reimbursed. There is no limit to the number of times the emergency supply can be used.***

Federal Upper Limit Reimbursement List

The Federal Upper Limit (FUL) reimbursement rate does not cover the cost of certain drugs. Medicaid pharmacy programs are required to reference this reimbursement information when pricing drug claims. To receive adequate reimbursement, pharmacy providers may use the **DAWI** override to disregard the FUL reimbursement rate for the drugs listed on the FUL list until the FUL rate has been adjusted to adequately cover the cost of the drug.

As indicated in previous communications, use of the **DAWI** override code is monitored. A claim submitted for more than the State Maximum Allowable Cost (SMAC) rate on file may lead to an identifiable overpayment. Any difference between the SMAC rate on file for the date of service and the actual rate applied to the claim (*if higher*) may be considered an overpayment and subject to recoupment.

There are no new additions since the previous month. The full list is available on the [DMA Outpatient Pharmacy Services webpage](#).

Electronic Cut-off Schedule

Feb. 26, 2016
Mar. 4, 2016
Mar. 11, 2016
Mar. 18, 2016
Mar. 25, 2016

Checkwrite Schedule

Mar. 1, 2016
Mar. 8, 2016
Mar. 15, 2016
Mar. 22, 2016
Mar. 29, 2016

POS claims must be transmitted and completed by 11:59 p.m. on the day of the electronic cut-off date to be included in the next checkwrite.

The 2016 DMA checkwrite schedule is under **Quick Links** on the [NCTracks Provider Portal home page](#).

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