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Pharmacy Reimbursement Methodology Changes - Update

On Jan. 11, 2016, the Centers for Medicare & Medicaid Services (CMS) notified the Division of Medical Assistance (DMA) that our State Plan Amendment (SPA14-047) had been reviewed and consistent with 42 CFR 430.20 was approved effective Jan. 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%. Reimbursement methodology will continue to include the lesser of NADAC, or WAC in absence of NADAC, the State Maximum Allowable Cost (SMAC) rate on file and the usual and customary (U&C) price submitted. 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

A NADAC FAQ has been posted on the DMA website.

These changes are being implemented in NCTracks on August 1, 2016. Pharmacy claims paid between January 1 and July 31, 2016, will be reversed and rebilled according to the updated reimbursement methodology. A further announcement will be posted when the date for the claim reprocessing has been finalized.

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

Payment of Medicare Crossover Pharmacy Claims for QMB Recipients

Changes are forthcoming regarding the reimbursement of Medicare primary pharmacy claims for recipients with Medicaid eligibility classification of 'Q'. Beginning August 1, 2016, NCTracks will pay QMB and QMB+ (a.k.a. Q class) Medicare crossover pharmacy claims according to state policy: services covered by Medicaid are paid at Lesser of Logic, and services that are non-covered by Medicaid pay the full cost-share.

The determining factor regarding how the pharmacy crossover claims will be reimbursed is whether or not the NDC is covered by Medicaid on the date of service. If

the NDC is covered by Medicaid on the date of service, the claim will process to pay according to the Lesser of Logic pricing methodology. If the NDC is not covered by Medicaid on the date of service, it will process to pay 100% of Medicare cost share.

Note: For recipients who are MQBQ, Medicaid payment can only be made for services that have been approved/allowed by Medicare. There is no coverage for straight Medicaid claims for MQBQ recipients.

Medicare crossover pharmacy claims paid between March 2, 2015, and July 31, 2016, will be reprocessed to apply the state policy. A further announcement will be published once the date for reprocessing has been finalized.

For more information on the state policy regarding reimbursement of Medicare crossover claims for QMB recipients, including an explanation of Lesser of Logic, see the September 2015 Medicaid Bulletin.

Edit for Emergency Hemodialysis

Effective February 1, 2016, new restrictions went into place in NCTracks to limit services for certain undocumented aliens to dialysis services only. Providers will see RESTRICTIVE COVERAGE, EMERGENCY HEMODIALYSIS SERVICES ONLY when inquiring about eligibility information.

Federal law restricts coverage of services for undocumented aliens to those services that have been determined to treat an emergency condition as defined in 42 CFR 440.255. Previously, providers may have been reimbursed for non-emergency services provided on the same day for which eligibility was determined due to the need for hemodialysis. Now, a new edit will be applied to Medicaid claims for services provided that do not fit the criteria for hemodialysis. The EOB 00246 - SERVICE NOT ALLOWED FOR UNDOCUMENTED ALIENS will post to denied claims.

All Medicaid claims adjudicated after February 1 are subject to the new edit, regardless of dates of service. No claims reprocessing is scheduled to occur.

Eligibility does not guarantee claims payment. Claims for dialysis are still subject to Medicaid dialysis policy, which can be found on the Division of Medical Assistance (DMA) website at http://dma.ncdhhs.gov/providers/programs-services/medical/end-stage-renal-disease.

This new edit only applies to beneficiaries authorized because they need dialysis. Claims for services that are provided to undocumented aliens that are deemed eligible due to conditions unrelated to dialysis will not be impacted by this edit.

Zecuity® - Voluntarily Suspended Sale, Marketing, and Distribution

Teva Pharmaceuticals has voluntarily suspended sale, marketing, and distribution of Zecuity (sumatriptan iontophoretic transdermal system) due to reported cases of serious application site reactions. Teva also launched a voluntary recall at the pharmacy level. The cause of the burns and scars associated with the Zecuity patch are being investigated.

This action follows FDA's 6/2/2016 Zecuity safety communication. The FDA has received reports of patients experiencing burns or scars on the skin where the patch was worn. The reports included descriptions of severe redness, pain, skin discoloration, blistering, and cracked skin. The agency is investigating this and will provide an update when their review is complete.

Zecuity is indicated for the acute treatment of migraine with or without aura in adults. Healthcare professionals should discontinue prescribing Zecuity, and patients should stop using any remaining patches and contact their prescribers for an alternative migraine medication. There are several options available for migraines, including different sumatriptan formulations.

Links:
FDA Communication:
http://www.fda.gov/Safety/MedWatch/SafetyInformation/SafetyAlertsforHumanMedicalProducts/ucm504736.htm
Teva Announcement:
http://www.tevapharm.com/news/teva_announces_voluntary_suspension_of_marketing_for_zecuity_in_the_u_s_06_16.asp
Teva HCP Letter:
http://www.fda.gov/downloads/Drugs/DrugSafety/UCM506332.pdf

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 ***DAW1*** 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 ***DAW1*** override code is monitored. A claim submitted for more than the 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.

Listed below are **ONLY NEW ADDITIONS** since the previous month. The full list is available on the DMA Outpatient Pharmacy Services web page.

NDC	NAME
50111045901	THEOPHYLLINE ER 300 MG TAB/ PLIVA, INC
55289026001	THEOPHYLLINE ER 300 MG TAB/ PD-RX PHARM
55289026030	THEOPHYLLINE ER 300 MG TAB/ PD-RX PHARM
50111045903	THEOPHYLLINE ER 300 MG TAB/ PLIVA, INC
54868002906	THEOPHYLLINE ER 300 MG TAB/ PHYSICIANS TC.
42291081590	THEOPHYLLINE ER 300 MG TAB/ AVKARE
55289026020	THEOPHYLLINE ER 300 MG TAB/ PD-RX PHARM
35356090460	THEOPHYLLINE ER 300 MG TAB/ QUALITY CARE
54569248302	THEOPHYLLINE ER 300 MG TAB/ A-S MEDICATION
00904588961	THEOPHYLLINE ER 300 MG TAB/ MAJOR PHARMACEU
54868002905	THEOPHYLLINE ER 300 MG TAB/ PHYSICIANS TC.
50111045902	THEOPHYLLINE ER 300 MG TAB/ PLIVA, INC
54569248301	THEOPHYLLINE ER 300 MG TAB/ A-S MEDICATION
55289026060	THEOPHYLLINE ER 300 MG TAB/ PD-RX PHARM
54868002907	THEOPHYLLINE ER 300 MG TAB/ PHYSICIANS TC.
23155006201	THEOPHYLLINE ER 300 MG TAB/ HERITAGE PHARMA
62332002531	THEOPHYLLINE ER 300 MG TAB/ ALEMBIC PHARMAC
54868002902	THEOPHYLLINE ER 300 MG TAB/ PHYSICIANS TC.

Electronic Cutoff Schedule

July 1, 2016
July 8, 2016
July 15, 2016
July 22, 2016

Checkwrite Schedule

July 6, 2016
July 12, 2016
July 19, 2016
July 26, 2016

POS claims must be transmitted and completed by 11:59 p.m. on the day of the electronic cutoff 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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