## AHCCCS IHS/638 Pharmacy Claims Transition

## Frequently Asked Questions

### *1. What is a CMS Medicaid Covered Outpatient Drug?*

Response: A CMS Medicaid Covered Outpatient Drug is one in which the manufacturer has signed the CMS Federal Rebate Agreement. When the manufacturer signs the CMS Federal Rebate Agreement, the manufacturers drug is eligible for coverage by states and expenditures for these drugs are reimbursed with state and federal funds. When manufacturer does not sign the CMS Federal Rebate Agreement, the manufacturer's drugs are not federally rebated and therefore are not eligible for federal or state matching funds. Drugs that are not eligible for state and federal matching funds are excluded from coverage under the AHCCCS Program and in all other states. An example of medications that are not federally rebated are repackaged drugs.

### *2. What is the AHCCCS P&T Committee?*

Response: The AHCCCS Pharmacy & Therapeutics (P&T) Committee (Committee) is advisory to AHCCCS and is responsible for evaluating scientific evidence of the relative safety, efficacy, effectiveness, and clinical appropriateness of prescription drugs. The Committee shall make recommendations to AHCCCS on the development and maintenance of a statewide drug list and prior authorization criteria as appropriate.

It is the intent of AHCCCS that the Committee is comprised of members from both urban and rural areas of the State of Arizona and includes 23 individuals that are health care professionals, a university researcher and representatives from the public, managed care organizations, TRBHA and AHCCCS. Representatives from AHCCCS are not voting members.

There is a policy that governs how the Committee operates; the link to the AHCCCS P&T Operational Policy is below:

https://www.azahcccs.gov/Shared/Downloads/ACOM/PolicyFiles/100/111.pdf

The P&T Committee meets three times a year, in January, May and October. Committee recommendations approved by AHCCCS become effective on the following dates and the FFS Program and MCO Contractors must update their drug lists to reflect the changes noted below:

a. January changes become effective on April 1st
b. May changes become effective on October 1st

c. October changes become effective on January 1st

**3. Is information about the AHCCCS P&T Meetings available?**

Response: The AHCCCS P&T documents can be found on the AHCCCS website,

https://www.azahcccs.gov/AmericanIndians/Pharmacy/

The documents available include the following:

a. The P&T Agenda which is generally posted 7 days prior to the meeting;
b. The approved minutes from the previous meeting;
c. The P&T Clinical Presentation which is posted approximately 14 days after the meeting;
d. The P&T Recommendations which include the voting of committee members, also posted 14 approximately 14 days after the meeting.
e. A memo to Managed Care Contractors, Compliance Officers, and the Division of FFS which recaps the P&T meeting, the Committee recommendations, and AHCCCS' acceptance or non-acceptance of the recommendations.
f. The NDC List of preferred and non-preferred drug for the drug classes there were reviewed at the Committee meeting. This list is used by the FFS and MCO Contractor PBMs to update the drug lists in their computer systems.
g. Any Prior Authorization Criteria that is recommended by the Committee and approved by AHCCCS.
h. Public written testimony received on a specific drug class or individual drug.

All of these documents can be found under the Pharmacy & Therapeutics Committee tab under the Pharmacy section. The information is listed by the P&T meeting date and can be found using the following link:

https://www.azahcccs.gov/AmericanIndians/Pharmacy/

**4. What is the AHCCCS Drug List?**

Response: The AHCCCS Drug List is a listing of federally and state reimbursable behavioral health and physical health care medications and other related products that is to be used by the AHCCCS FFS Program and all Managed Care Contractors responsible for the administration of acute and long-term care pharmacy benefits. The AHCCCS P&T Committee is responsible for developing, managing, and updating the AHCCCS Drug List to assist providers in selecting clinically appropriate and cost- effective drugs for AHCCCS members. The AHCCCS Drug List includes preferred drugs and was developed to encourage the use of safe, effective, clinically appropriate, and the most cost-effective medication.

The AHCCCS Drug List designates medications that are Preferred Drugs for specific therapeutic classes. The FFS Program and MCO Contractors are required to maintain medications listed on the AHCCCS Drugs List on their respective drug lists. The FFS and

MCO Drug Lists must include each and every drug exactly as they are listed on the AHCCCS Drug List. When the AHCCCS Drug List specifies a Preferred Drug(s) in a particular therapeutic class, the FFS Program and MCO Contractors are not permitted to add other Preferred Drugs to their Preferred Drug lists in those therapeutic classes.

The FFS Program and MCO Contractors shall inform their Pharmacy Benefit Managers (PBM) of the Preferred Drugs and shall require the PBM to institute point-of-sale edits that communicate back to the pharmacy the Preferred Drug(s) of a therapeutic class whenever a claim is submitted for a Non-Preferred Drug. Preferred Drugs recommended by the AHCCCS P&T Committee and approved by AHCCCS are effective on the dates provided in above in question 2.

The FFS Program and MCO Contractors shall approve the Preferred Drugs listed for the therapeutic classes contained on the AHCCCS Drug List, as appropriate, before approving a Non- Preferred Drug unless:
the member has previously completed Step Therapy using the Preferred Drug(s) or the member's prescribing clinician provides supporting documentation of the medical necessity of the Non-Preferred Drug over the Preferred Drug for the specific member.

The FFS Program and the MCOs shall include all of the drugs listed on the AHCCCS Drug List on their respective drug lists. The AHCCCS Drug List is not an all-inclusive list of medications for AHCCCS members. The FFS Program and MCO Contractors are required to cover all medically necessary, clinically appropriate, and cost-effective medications that are federally and state reimbursable. A link to the AHCCCS Acute – Long Term Care Drug List is below:

https://www.azahcccs.gov/Resources/Downloads/PharmacyUpdates/AHCCCS_DRUG_LIST_012020.pdf

***5. What are the FFS Drug Lists?***

*Response: There are three FFS Drug lists which are explained below:*

*a. Acute & Long-term Care Drug List -This drug list contains all of the medications exactly as they are listed on the AHCCCS Drug List. The FFS Drug List also has some medications in addition to those listed on the AHCCCS Drug List. A link to the FFS Acute & Long -term Care Drug List is below:*
*https://www.azahcccs.gov/Resources/Downloads/PharmacyUpdates/AHCCCS_FFS_Drug_List_012020.pdf*

*b. TRBHA Behavioral Health Drug List – This drug list has all of the behavioral health drugs listed on the FFS Drug List, which are also on the AHCCCS Drug List. This drug list is used for members who are enrolled in a TRBHA plan and an MCO Contractor and the member is obtaining their medication from a non-IHS/638 pharmacy. The TRBHA Drug List is*

*limited to psychiatric prescribers, behavioral pediatricians or others as approved by the AHCCCS Pharmacy Department. A link to the FFS TRBHA Behavioral Drug List is below: [https://www.azahcccs.gov/Resources/Downloads/PharmacyUpdates/AHCCCS_TRBHA_Drug_List_012020.pdf](https://www.azahcccs.gov/Resources/Downloads/PharmacyUpdates/AHCCCS_TRBHA_Drug_List_012020.pdf)*

c. *Dual Eligible Drug List – This drug list is a listing of Over the Counter (OTC) products and is used for members who are enrolled or eligible for Medicare and enrolled in AHCCCS. AHCCCS reimburses these claims as the primary payer since these medications are not covered under Medicare Part D. For clarification, not all OYC products are covered under the AHCCCS Pharmacy Benefit. A link to the OTC Drug List for Dual Eligibles is below: [https://www.azahcccs.gov/Resources/Downloads/PharmacyUpdates/AHCCCSDualFormulary.pdf](https://www.azahcccs.gov/Resources/Downloads/PharmacyUpdates/AHCCCSDualFormulary.pdf)*

6. ***How often are the FFS Drug Lists updated?***

   *Response: The FFS Drug Lists are updated on the same schedule as the AHCCCS Drug List. Updated FFS Drug lists are effective on January 1st, April 1st, and October 1st.*

7. ***How does the FFS Drug Lists relate to the AHCCCS Drug List?***

   *Response: All medications listed on the AHCCCS Drug List must be included and listed on the FFS Acute & Long-term Care Drug List exactly as they are listed on the AHCCCS Drug List.*
   *All of the behavioral health medications on the AHCCCS Drug List must be included and listed on the on the TRBHA Drug List.*

8. ***What is the 340B NDC File?***

   *Response: The 340B NDC list is a listing of medications are CMS Covered Outpatient Drugs because the medications are federally and state reimbursable and the manufacturer has signed the Federal Rebate Contract. This list is for reference only. If a medication is on the AHCCCS Drug List/FFS Drug Lists, then the 340B NDC File can be used to look up the NDCs of a drug that are federally and state reimbursable.*
   *The 340B NDC File does not take the place of the AHCCCS/FFS Drug Lists. The 340B NDC List is a tool to assist pharmacies who wish to know which NDCs are federally rebatable.*

9. ***How is the 340B NDC File different from the AHCCCS/FFS Drug Lists?***

   *Response: The 340B NDC File is not the AHCCCS Drug List and is only to be used as a reference file.*
   *Prescribing clinicians should always refer to the AHCCCS/FFS Drug List when ordering prescription medications.*

***10. When a drug is eligible for coverage how does is that different from a drug that is an AHCCCS preferred drug?***

*Response: A preferred drug is a medication listed on the AHCCCS Drug List. These medications are also listed on the FFS Acute/Long Term Care & TRBHA Drug Lists and they have been determined to be safe, efficacious, clinically appropriate and the most cost-effective therapy for the State of Arizona. When a drug is not listed on the AHCCCS Drug List, we refer to it as non-preferred. Non-preferred medications require prior authorization and approval is based on the submitted medical necessity on the prior authorization and prior use of the AHCCCS preferred drugs.*

***11. What is the OptumRx electronic prior authorization process?***

*Response: Prescribing clinicians may submit prior authorizations electronically to OptumRx. The clinician may provide supporting documentation; however, the prior authorization form must be filled out. It is not sufficient to state, refer to notes, each of the questions must be responded to whether the request is submitted electronically or via fax.*

***12. Are medications covered under AHCCCS when the NDC of the drug is from a repackaging company?***

*Response: No, medications that are repackaged are not eligible for the CMS Federal Rebate and are excluded from coverage under the AHCCCS Program.*

***13. When is a medication required to be dispensed using the generic or biosimilar formulation?***

*Response: The AHCCCS FFS Program and MCO Contractors are required to utilize a mandatory Generic Drug substitution policy that requires the use of a generic equivalent drug whenever one is available. This process is implemented by the FFS/MCO Contractors' PBMs through the Point-of-Sale system.*

*AHCCCS may require the FFS Program and MCO Contractors to provide coverage of a brand name drug when the cost of the Brand Name Drug provides a net savings to the State over the generic formulation. Prescribing clinicians shall clinically justify the use of a brand-name drug over the use of its generic equivalent through the PA process. When a brand name only medication is covered, it is notated on the AHCCCS Drug List as* ***Brand Only*** *next to the drug.*

*Generic and Biosimilar substitutions shall adhere to Arizona State Board of Pharmacy rules and regulations. AHCCCS reviews all biosimilars that become available in the market. The AHCCCS FFS Program and MCO Contractors' PBMs shall not reimburse a*

*biosimilar drug until AHCCCS has determined that the biosimilar drug is overall more cost-effective to the state than the continued use of the brand name drug. The AHCCCS Contractors' P&T Memo addresses biosimilars and whether the branded product or biosimilar are the least costly to the state. The memo provides AHCCCS' decision on these products.*

***14. When is a medication required to be dispensed using the brand name formulation?***

*Response: Please see the response to question 13.*

15. ***When is a medication not eligible for coverage under AHCCCS?***

Response:

The following are excluded from coverage under the outpatient FFS pharmacy benefit:

1. Drugs from manufacturers that do not participate in the FFS Medicaid Drug Rebate Program;
2. Drugs that are not federally and state reimbursable;
3. DESI (FDA's Drug Efficacy Study Implementation) Drugs that are determined to be "less than fully effective" by the Food and Drug Administration;
4. Experimental/Research Drugs;
5. Medications furnished solely for cosmetic purposes;
6. Cosmetic Drugs for Hair Growth;
7. Nutritional/Diet Supplements;
8. Blood and Blood Plasma Products;
9. Drugs and Products to Promote Fertility;
10. Drugs used for Erectile/Sexual Dysfunction Drugs;
11. Diagnostic /Medical Supplies except:
    1. Syringes;
    2. Needles;
    3. Lancets;
    4. Alcohol Swabs;
    5. Blood glucose meters and strips; and
    6. Inhaler Spacers;
12. Intrauterine Devices;
13. Outpatient medications for members under the Federal Emergency Services Program, except for dialysis related medications for Extended Services individuals;
14. Medical Marijuana (refer to AMPM Policy 320-M); and
15. Drugs eligible for coverage under Medicare Part D for AHCCCS members eligible for Medicare whether or not the member obtains Medicare Part D coverage.

***16. What are the override codes for the Support Act Opioid Soft edits?***

*Response:* For the Support Act Opioid Monitoring requirements for Opioid use with a benzodiazepine or an antipsychotic.

1. The pharmacy will receive a soft edit reject, code 88, identifying a member whose utilization indicates he/she is on concurrent use of an opioid and a benzodiazepine or an opioid and an antipsychotic. The pharmacy is to consult with the prescriber and if the prescriber is in agreement with the combination therapy then the pharmacy staff may input the override code of 1G and the claim will adjudicate when submitted to OptumRx.
2. The same override code, 1G, can be used to override the requirement to use an immediate release opioid product prior to using a long acting opioid.
3. The override table is below:

| Reject 88 DUR Service | | Reason for Service Code | | | Professional Service Code | | Result of Service Code | | |
|---|---|---|---|---|---|---|---|---|---|
| Drug-Drug Interactions<br><br>Opioid-Benzodiazepine; Opioid-Antipsychotics | ==> | DD | Drug-Drug Interaction | ==> | M0 | Pharmacist Consults with the Prescriber | ==> | **1G** | Rx Filled Prescriber Approved |
| | | | | | | | | | |
| MEDLIMIT: opioid IR Before ER Soft Reject Only | ==> | HD | High Dose Alert | ==> | M0 | Pharmacist Consults with the Prescriber | ==> | **1G** | Rx Filled Prescriber Approved |
| | | | | | | | | | |

***17. When a claim rejects, what do the codes mean?***

*Response: Please see the most common rejection codes below:*

| Reject Code | Reject Code Description | Additional Explanation for Messaging Back to the Pharmacy |
|---|---|---|
| **13** | **M/I Other Coverage Code** | Missing/Invalid Coverage Code<br>Member has alternate insurance<br>Product/Service not covered when rejected by primary insurance. The Other Coverage Code used is not allowed. |
| **19** | **M/I Days Supply** | Missing/Invalid number for the days-supply |
| **21** | **M/I Product/Service ID** | Missing/Invalid Product/Service ID<br>Bill Medicare Part D Plan<br>Product not on file |
| **22** | **M/I DispAsWrtn/PrdSelCde** | Missing/Invalid Dispense as Written Code (DAW)<br>DAW of 0 not allowed and the medication is a branded product. These rejects are for branded products when a generic formulation is available. |

| | | |
|---|---|---|
| 23 | **M/I Ingredient Cost Sbm** | Missing/Invalid Ingredient Cost Submitted |
| 25 | **M/I Prescriber ID** | Missing/Invalid Prescribing Clinician<br>AHCCCS ID/NPI missing |
| 41 | **Sbmt bill to other procsr** | Submit claim to other processor or other payer<br>Member has alternate insurance<br>Cost >$455 reverse and resubmit with the clarification code (SCC) of 09.<br>Dual messages- drug requires prior authorization and submit to other claims processor. |
| 44 | **Presc ID DEA is not found** | Prescribing Clinician DEA is not found on the Federal DEA database |
| 46 | **Presc ID DEA drg not allw** | Prescribing Clinician DEA does not allow this drug class.<br>Drug is not allowed. |
| 4C | **M/I COB/Other Payment Cnt** | Missing or invalid coordination of benefit payment |
| 52 | **Non-Matched Cardholder ID** | Non-matched Cardholder ID.<br>Member is not found in the AHCCCS eligibility file. |
| 69 | **Filled After Coverage Trm** | Date of Service is After Coverage Terminated.<br>Prescription date of service was after the member terminated from the plan. |
| 70 | **Prod/Service Not Covered Plan Benefit Exclusion** | Product/Service Not Covered- Plan Benefit Exclusion.<br><br>Drug is excluded from coverage –<br>Product does not offer a federal rebate.<br>Other message may include:<br>Bill Medicare Part D<br>Anorexic/Anti-obesity<br>Diagnostic agents not covered<br>Impotence agents not covered<br>OTCs not covered under Specialty Plan<br>Plan Exclusion (Repackaged Drugs are excluded from coverage)<br>Product does not offer a federal rebate- surgical supply/medical not covered.<br>Use a different manufacturer. |
| 75 | **Prior Authorization Reqrd** | Prior Authorization Required<br>Drug requires prior authorization.<br>Other messages include:<br>Consider alternative antibiotics on the AHCCCS Drug List. |

| | | |
|---|---|---|
| | | DAW 0 not allowed- drug requires prior authorization (many of these are rejections for brand name drugs when a generic is available and when the AHCCCS preferred agent is not utilized)<br>Drug requires prior authorization- total MME is X (these rejections are generally for long acting opioids) |
| **76** | **Plan Limitations Exceeded** | The quantity submitted exceeds the allowable amount. Prior authorization is required for the increased quantity.<br>The quantity exceeds the maximum days-supply<br>The cost is > the AIR- reverse and resubmit with the SCC of 09.<br>Route of administration is not covered. |
| **77** | **Discontinued Prod/Srv ID** | Submitted NDC for a drug that has been discontinued.<br>Drug not covered. |
| **78** | **Cost Exceeds Maximum** | The ingredient cost submitted for the drug exceeds the plans allowable cost. |
| **79** | **Refill Too Soon** | The date of the refill is prior to the utilization parameters set for the plan. |
| **7G** | **FutureDtNotAllowedFor DOB** | The claims submitted was for a date that was not equal to or prior to the date of service. Date is in the future. |
| **88** | **DUR Reject Error** | Drug Utilization Error |
| **E7** | **M/I Quantity Dispensed** | The quantity submitted on the claim is missing or invalid. |
| **EZ** | **M/I Prescriber ID Qual** | The prescribing clinician identifier is missing on the claim. |
| **M2** | **Recipient Locked In** | The member must obtain medication from a specific pharmacy that has been assigned by AHCCCS FFS or an MCO Contractor. |

If you have additional questions, please send them to the AHCCCS Pharmacy Department at the following email address:

AHCCCSPharmacyDept@azahcccs.gov