

STATE OF ALASKA

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

DIVISION OF HEALTH CARE SERVICES

Frank H. Murkowski, Governor

*4501 Business Park Blvd
Suite 24 Bldg L
Anchorage, AK 99503-7167
Telephone: (907) 334-2400
FAX (907) 561-1684*

October 28, 2005

Letter: FY06 – 03 Pharmacy Cost Avoidance

Dear Pharmacists:

Re: Pharmacy Cost Avoidance and Coordination of Benefits

The Department of Health and Social Services announces that effective November 30, 2005, pharmacy cost avoidance is activated (7 AAC 43.591 (a)). Therefore, claims for any Medicaid eligible individual who also has prescription drug coverage through a separate insurance policy must first be billed to the other policy or Medicaid will deny the claim.

Medicaid is the payer of last resort. Federal Law stipulates that a provider may not refuse to furnish covered Medicaid services to a recipient because of a third party's potential liability for the services.

If a recipient has prescription insurance other than Medicaid, the pharmacy must bill that insurance carrier or pharmacy benefit manager (PBM) to coordinate benefits prior to billing Medicaid. If the insurance carrier does not pay the full amount, Medicaid will pay the difference between the amount paid by the insurance company and the amount that Medicaid would have paid had it been the primary payer. Recipients will be responsible for any co-pay. Providers should not bill Medicaid until payment or denial has been received from the other carrier.

In order to ease the burden of billing other carriers, the point of sale payment system will provide claims information needed for the carrier or PBM. This can include the BIN of the carrier, the cardholder ID, group number, relationship of recipient to the cardholder and the carrier phone number when available.

Please note the attached Payor Spec Sheet. This information should be forwarded to your software vendor so appropriate adjustment can be made for coordinating benefits. The NCPDP field **308-C8 (OTHER COVERAGE CODE)** is **necessary with the values listed on page 6, as well as the COB segments listed on page 8.**

Also effective November 30, 2005, claims for the immunosuppressant drugs Cyclosporine, Cellcept®, Prograf®, Imuran® and oral anti-cancer drugs will deny for recipients having Medicare Part B coverage. If the date of service for the immunosuppressant drugs is within three years of the hospital discharge date for the transplant, the Medicare Part B carrier must be billed. If dispensed more than three years after the transplant discharge date the help desk can be called for an override.

Claims for oral anti-cancer drugs for recipients with Medicare Part B must also be billed to the Medicare Part B carrier. If used for arthritis or a medically accepted use other than the treatment of cancer, request an override by contacting the help desk.

Provider training sessions will be conducted prior to the implementation of these cost avoidance measures. First Health Services Corporation will notify providers regarding specific dates, times and locations for these training sessions. Pharmacy providers are strongly encouraged to attend a training session in order to receive detailed third party insurance billing instructions. It is imperative that providers contact their software vendors or billing agents to discuss this critical claims submission issue and correct any system deficiencies that may adversely impact compliance.

If you have any questions regarding this letter, please contact me at (907) 334-2425 or via email at David_Campana@health.state.ak.us.

Sincerely,

A handwritten signature in blue ink that reads "Dave Campana". The signature is fluid and cursive.

Dave Campana, R.Ph.
Pharmacy Program Manager

Enclosure

cc: Dwayne Peeples, Director