

NYRx
The NY MEDICAID PHARMACY
PROGRAM

PHARMACY MANUAL

POLICY GUIDELINES

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This Policy Manual applies to NYRx, the Medicaid Pharmacy Program, formerly known as Medicaid Fee-for-Service. While some provisions apply to Medicaid Managed Care (MMC) plans per statute, specific questions regarding MMC requirements should be directed to the applicable MMC plan. This manual applies to the Medicaid Pharmacy Program for pharmacy claims submitted via the National Council for Prescription Drug Programs (NCPDP) D.0 format.

Providers who service NY Medicaid members must comply with all federal, and State laws, rules, or regulations and must comply with Medicaid rules and policies.

Section I - General Pharmacy Policy

Required Prescribing Information

In accordance with NY State Education Law, all prescriptions written in New York State by a person authorized by New York State to issue such prescriptions shall be transmitted electronically directly from prescriber to pharmacist in a licensed pharmacy. Official New York State prescription forms or an oral prescription are accepted when exceptions exist as noted in law.

All prescriptions and fiscal orders must bear:

- The name, address, age and client identification number (CIN) of the patient for whom it is intended. If the CIN does not appear on the order, the prescription should only be filled if the CIN is readily available in the pharmacy records;
- The date on which it was written;
- The name, strength, if applicable, and the quantity of the drug prescribed;
- Refills must be notated if any are prescribed using a number, (“prn” or time frames are not permitted)
- Directions for use, if applicable; and
- The name, address, telephone number, profession, DEA Number (if applicable) and signature of the prescriber who has written or initiated the prescription or fiscal order.

If a pharmacist is certain that the prescription is from a legitimate prescriber and the prescriber’s license number or eMedNY provider identification number is

readily available in the records of the pharmacy, it is not necessary to record the license number or eMedNY provider identification number on the prescription or fiscal order.

For **non-controlled substance prescriptions**, the pharmacist may record on the prescription:

- The address, age and CIN of the Medicaid member,

If the address, age or CIN of the Medicaid member are missing, the pharmacist is not required to enter any of these items on the prescription if the information:

- Is otherwise readily available in the records of the pharmacy and the pharmacist knows the person who is requesting that the prescription be filled, or
- The pharmacist is otherwise satisfied that the prescription is legitimate.

Prescriptions written for **controlled substances** must meet the requirements of Article 33 of the Public Health Law. In accordance with New York State Department of Health Codes, Rules, and Regulations Title 10, Part 80, pharmacists are permitted to add or change only certain information on controlled substance prescriptions.

Non-Prescription Drug Orders

New York State (NYS) law and regulation allow some drugs (i.e., certain vaccinations, naloxone) to be dispensed to a patient without a patient-specific prescription or fiscal order from their practitioner. This is known as a non-patient specific order or standing order. A pharmacy, in compliance with NYS law and regulations, may dispense and submit a claim according to the protocol and terms of the standing order when the following all apply:

- a NYRx or Medicaid Managed Care (MMC) member/enrollee specifically requests the item on the date of service;
- a pharmacy submits one course of therapy with no refills; and
- the drug item(s) are dispensed according to Food and Drug Administration (FDA) guidelines, NYS laws, rules, and regulations, as well as Medicaid Policy and NYRx Billing Instructions

Providers should:

- enter a value of "5" in the Prescription Origin Code field 419-DJ to indicate pharmacy dispensing;
- enter a value of "99999999" in the Serial Number field 454-EK; and
- prescriber identification field 411-DB may be submitted blank.

Medical/Surgical Supply Orders

Medical/surgical supplies can be obtained by an electronically transmitted prescription or a signed written order (fiscal order) from a qualified prescriber.

A fiscal order written on an Official NYS Serialized Prescription Form and faxed to the pharmacy provider will be considered an original order. When an order for medical/surgical supplies not written on the serialized official prescription form has been telephoned or faxed to the pharmacy provider, it is the pharmacy provider's responsibility to obtain the original signed fiscal order from the prescriber within 30 days.

If the ordering practitioner does not request a quantity that corresponds to the prepackaged unit, the pharmacist may provide the item in the pre-packaged quantity that most closely approximates the amount ordered.

Diabetic Supply

Select pen needles, syringes, and lancets may be billed to NYRx, the Medicaid Pharmacy Program, by pharmacy providers on a pharmacy claim using the product's 11-digit National Drug Code (NDC) or the Healthcare Common Procedure Coding System (HCPCS) code. Pen needles, syringes, and lancets reimbursable through NYRx are subject to the products listed on the Pharmacy List of Reimbursable Drugs found at: <https://www.emedny.org/info/formfile.aspx>.

The 11-digit NDC on the package dispensed must match the NDC billing code on the Pharmacy List of Reimbursable Drugs and the NDC submitted on the claim. In the event an NDC is not found on the list of reimbursable drugs, providers should continue to submit claims using the Healthcare Common Procedure Coding System (HCPCS) code found in the [NYRx, Medical Supply Codes Billable by a Pharmacy document](#).

Serial Number and Origin Code Requirement

The serialized number from the Official NY State Prescription (ONYSRx) **must** be used when submitting claims for prescriptions written on an Official New York State Prescription form. The table below describes other situations in which a prescription would be dispensed by a pharmacy with the Department approved ONYSRx serial number replacement. In addition to the serial number requirement, all claims for prescriptions require an accurate Origin Code. The table below lists the Origin Codes with the appropriate corresponding serial number.

NYRx, Pharmacy Manual Policy Guidelines

ORIGIN CODE Field 419-DJ	CORRESPONDING SERIAL Field 454-EK	DESCRIPTION
1	Unique ONYSRx #	Written - Prescriptions prescribed in NY will be on Official New York Prescription forms with a designated serial number to use.
1	ZZZZZZZZ	Written - Prescriptions prescribed from out-of-state practitioners or by practitioners within a federal institution (e.g., US Department of Veterans Affairs) or Indian Reservation.
2	99999999	Telephone - Prescriptions obtained via oral instructions or interactive voice response using a telephone.
2	SSSSSSSS	Telephone – Fiscal orders for supplies obtained via oral instructions using a telephone. *
3	EEEEEEEE	Electronic - Prescriptions obtained via SCRIPT or HL7 standard transactions, or electronically within closed systems. **
4	Unique ONYSRx #	Facsimile – ONYSRx Prescriptions obtained via fax machine transmission.
4	SSSSSSSS	Facsimile – Fiscal orders for supplies not on a ONYSRx obtained via fax machine transmission. *
4	NNNNNNNN	Facsimile - Prescriptions obtained via fax machine transmission for nursing home patients (excluding controlled substances) in accordance with written procedures approved by the medical or other authorized board of the facility.
5	TTTTTTTT	Pharmacy - this value is used to cover any situation where a new Rx number needs to be created from an existing valid prescription such as traditional transfers, intra-chain transfers, file buys, software upgrades/migration, and any reason necessary to give it a new number. ***
5	99999999	Pharmacy - this value is appropriate for "Pharmacy dispensing" when applicable such as non-patient specific orders, BTC (behind the counter), Plan B, established protocols, etc.
5	DDDDDDDD	Pharmacy - this value is used to cover prescriptions dispensed as Medically Necessary during a Declared State of Emergency (excluding controlled substances).

* Dispensing provider is required to obtain the original signed fiscal order from the ordering practitioner within 30 days.

** Fail-over electronically transmitted prescriptions that come to the pharmacy as a facsimile are **invalid**.

Reference: <http://www.op.nysed.gov/prof/pharm/pharmelectrans.htm>

*** Remember to use original date prescribed as “written date” when processing prescription transfers. Transfers are not allowed for controlled substances in New York State. All other laws regarding prescription transfers apply.

Prescription drug orders received by the pharmacy as a facsimile must be an original hard copy on the Official New York State Prescription Form that is manually signed by the prescriber, and that serial number represented on the form must be used. Prescriptions for controlled substances that are submitted electronically but fail transmission **may not** default to facsimile.

Multiple Drug Orders

For drugs administered in a nursing home, multiple drug orders for **non-controlled** prescription drugs can be ordered on a single prescription document. Pharmacies providing services under contract to nursing homes are not required to obtain separate prescriptions for these drugs. The dispensing pharmacy must be employed by or providing services under contract to the nursing home.

All prescriptions written for controlled substance medications must be electronically transmitted by a qualified prescriber or written on an Official New York State Prescription Form in order to be dispensed by a pharmacy. Multiple drug orders are **not** allowed on prescriptions for controlled substances.

Refills

Per the State regulation, a prescription or fiscal order may not be refilled unless the practitioner has indicated the number of allowable refills on the order.

All refills of prescription drugs must be in accordance with Federal and State laws and bear the prescription number of the original prescription. Refills of non-prescription drugs and medical/surgical supplies must also be appropriately referenced to the original order by the pharmacy.

A NYS Medicaid Member may obtain a refill in one of the following two ways:

1. The Medicaid member or their authorized agent may contact their pharmacy requesting a refill.
2. The pharmacy may contact the Medicaid member to inquire if a refill is necessary, obtain consent if necessary, and then submit a claim for dispensing on their behalf.

Early Refill

Members are allowed to refill a prescription before the total amount of previous supply was used. A pharmacy claim will pay when more than 75 percent of the previously dispensed amount has been used, or up to a 10-day supply of medication is remaining

of the cumulative amount that has been dispensed over the previous 90 days (the more stringent rule will apply). Therefore, members may refill their prescription(s) early, allowing for an ample supply of their medication(s) on hand.

Early filling of more than the allowed amount for vacation or a temporary absence, as stated above, is not permissible.

Long Term Care Pharmacy Billing for Residents-Special Considerations

The following two sections, New Patient and Leave of Absence, apply to Long Term Care Pharmacies servicing Medicaid members in a Private Skilled Nursing Facility, Public Skilled Nursing Facility, Private Health Related Facility, or Public Health Related Facility, when "NH" returns on eligibility response. The following guidance is not intended for community pharmacies, or those servicing facility types not as described above. Community pharmacies, or those servicing facility types not as described above should contact the Department for assistance with 'Early Fill Overuse' denials for members recently discharged from a LTC facility without their medication.

New Patient

LTC pharmacies dispensing to Medicaid members who were newly admitted without their medications may use the New Patient Processing (NP) override when medically necessary when all the following conditions are met:

1. The dispensing pharmacy is a LTC servicing pharmacy; and
2. the member was recently admitted to a Private Skilled Nursing Facility, Public Skilled Nursing Facility, Private Health Related Facility, or Public Health Related Facility, when "NH" returns on eligibility response; and
3. The claim denied for "Early Fill Overuse" edits "01642" or "02242" represents the first dispensing of a medication after the member's recent admittance to the LTC facility (as described above).

If all conditions above are met, LTC pharmacists may override the "Early Fill Overuse" "01642" or "02242" denials by using a combination of Reason for Service Code "NP" (New Patient Processing) in the National Council for Prescription Drug Programs (NCPDP) field (439-E4), and Submission Clarification Code "18" (LTC Patient Admit/Readmit Indicator).

Note: Day supply is limited to 30-days unless the medication is subject to short-cycle billing (see section Long Term Care Pharmacy Short Cycle Billing).

If all three conditions are not met, the billing provider may call the Department for assistance.

This override may not be used when the:

- Pharmacy is not an LTC-servicing pharmacy, or
- Member is not a resident of a Private Skilled Nursing Facility, Public Skilled Nursing facility, Private Health Related Facility, or Public Health Related Facility, when "NH" does not return on eligibility response, or

- Member is not a new resident to the facility, or
- The claim is not the first fill of the prescription for the same drug, strength, and directions by the LTC pharmacy.

Leave of Absence

LTC pharmacies may accommodate a LTC facility request for medication supply for a member leaving for a short absence using one of these options:

- LTC pharmacy relabeling and repackaging dispensed medications for member use during their leave, or
- LTC facility covers the cost for the additional supply of medication needed for the leave of absence, or
- LTC facility prepares for the absence by ensuring the medication supply is filled for a shorter supply before the expected absence

If the above or other options are not available, the LTC pharmacy may override the 'Early Fill Overuse' denial when these four conditions are met:

1. Dispensing pharmacy is a LTC servicing pharmacy, and
2. Member is a current resident of a Private Skilled Nursing Facility, Public Skilled Nursing Facility, Private Health Related Facility, or Public Health Related Facility, when "NH" returns on eligibility response, and
3. The claim denied for "Early Fill Overuse" edits "01642" or "02242", and
4. The claim is limited to a 7-day maximum dispensed supply.

If all four conditions above are met, the LTC pharmacy may use a combination of Reason for Service Code (439-E4) "AD" (Additional Drug Needed), and a Submission Clarification Code (420-DK) of "14" (LTC Leave of Absence) to override the Early Fill Overuse edit. When using the Leave of Absence override, it is expected that the next regular fill date for the member will be later to account for the extra supply the member received for the leave. The pharmacy must maintain documentation, retrievable upon audit, of the use of the override, including but not limited to the facility's request for leave of absence supply for their resident member.

Automatic Refill

Automatic refilling is not allowed under the Medicaid program. Automatic-refill programs offered by pharmacies are not an option for members. Faxbacks are also not allowed.

Renewals/New Prescriptions

A NYS Medicaid member who has exhausted prescription refills, may obtain a renewal in one of the following three ways:

1. The Medicaid member/enrollee may contact their prescriber for a renewal.
2. The Medicaid member/enrollee may contact their pharmacy for a renewal and give the pharmacy consent to contact the prescriber on their behalf.
3. The pharmacy may contact the Medicaid member/enrollee to inquire if a renewal is necessary, obtain consent if necessary, and then contact the prescriber on their behalf.

Reminders regarding original prescriptions:

- A prescription/fiscal order must originate from the office of the prescriber.
- A faxback may not be used to bill a prescription/fiscal order to Medicaid.
- A fax received as a failed electronic prescription order may not be used to bill a prescription/fiscal order to Medicaid.
- A fax received at the pharmacy, that is not on an Official NYS Prescription (ONYSRX) form with its unique serial number, is not an original prescription.

Faxed refill authorization requests are not allowed under the Medicaid Program.

Transfers

Transfers are allowed for a refill when all other state laws and Medicaid policies are adhered to. This includes using the original written date of the original order; and only one refill at a time may be transferred, see also the serial number and origin code requirements as stated above in section Serial Number and Origin Code Requirement. Changing a written date or adding refills to a transferred prescription is considered fraudulent billing and is subject to audit.

Lost or Stolen Prescriptions

If a Medicaid member has experienced a loss or theft of medication, pharmacy providers should instruct members to contact their prescriber. The decision to honor a member's request for authorization of a replacement supply is based on the professional judgement of the prescriber.

Prescribers may initiate a prior authorization request for a lost or stolen medication by contacting the eMedNY Call Center at 800-343-9000. Replacement, if granted, will be approved for up to a 30-day supply of medication.

Vacation Requests

Medicaid ensures an ample medication supply to accommodate for most temporary absences. Medicaid does not provide additional medication supply for a vacation. Members should prepare in advance of travel to use the options available to ensure they have the supply needed for a temporary absence. A member can make alternative arrangements, such as relying on a trusted friend or family member to have necessary

medication mailed in a secure method that will guarantee delivery. Pharmacies may also assist Medicaid members by:

- Recommending a larger day supply (some maintenance medications allow up to 90-day supply; members may ask their prescriber to increase the day supply dispensed when the member has been stabilized on the medication and has been taking their medication on a consistent basis, this option may require a new prescription) and/or,
- Refilling early (see Early Refill section above).

Pick up / Receipt

Pharmacies/DME providers must obtain a signature from the Medicaid member, their caregiver or their designee to confirm receipt of the prescription drugs, over-the-counter products, medical/surgical supplies, and DME items when picked up from the provider. The pharmacy must have documentation confirming the prescription number(s), date of pick-up and signature. One signature is sufficient for multiple prescriptions being picked-up at one time. Claim submission is not proof that the prescription or fiscal order was actually furnished. Providers must ensure that a pharmacist counsel the patient consistent with federal (including but not limited to 42 CFR § 456.705(c) and SSA § 1927 (g)(2)(A)(ii)) and State law, rule, or regulation (8 NYCRR § 63.6(8)), and retain records for six years of provision of counseling in compliance with federal and State law, rule, or regulation.

All Medicaid claims for prescription drugs, over-the-counter products, or medical/surgical supplies that were not furnished (i.e., no proof of receipt) to the Medicaid Member must be reversed within 14 days.

Delivery

Delivery of prescription drugs, over-the-counter products, medical/surgical supplies, and durable medical equipment (DME) is an optional service that can be provided to Medicaid member's home or current residence including facilities and shelters. Pharmacies/DME providers must obtain a signature from the Medicaid member, their caregiver or their designee to confirm receipt of the prescription drugs, over-the-counter products, medical/surgical supplies, or DME items. Claim submission is not proof that the prescription or fiscal order was actually furnished.

Providers offering delivery must implement and operate a distribution and delivery system that reflects "best practices".

If a provider chooses to provide this optional service to their customers, all the criteria listed below will apply:

For all Deliveries:

1. A signature of the recipient or authorized agent is required at the time of delivery, including facility/provider deliveries.
2. A single signature of the recipient or authorized agent verifying receipt will be sufficient for all the medications in the delivery.
3. A waiver signature form is not an acceptable practice, and such forms will not serve as confirmation of delivery. Waiver signature forms are defined by delivery industry standards.
4. Delivery industry tracking receipts that contain a signature of the recipient or authorized agent (e.g., FedEx tracking receipts) qualify as a signature for receipt of delivery.
5. Electronic signatures of the recipient or authorized agent for receipt or electronic tracking slips for delivery are permitted only if retrievable on audit.
6. Documentation confirming delivery must also include the list of prescription number(s) and date the medication(s) was/were delivered.
7. Providers must ensure that a pharmacist counsel the patient consistent with federal (including but not limited to 42 CFR § 456.705(c) and SSA § 1927 (g)(2)(A)(ii)) and State law, rule, or regulation (8 NYCRR § 63.6(8)), and retain records for six years of provision of counseling in compliance with federal and State law, rule, or regulation.
8. Delivery confirmation must be maintained by the pharmacy for six years from the date of payment and must be retrievable upon audit.
9. All shipping and delivery costs are the responsibility of the pharmacy.
10. Medicaid members cannot be charged for delivery if Medicaid reimburses for all or any portion of the item being delivered.
11. The pharmacy is accountable for proper delivery of intact, usable product; the pharmacy is liable for the cost of any item damaged or lost through distribution and delivery. The Medicaid Program does not provide reimbursement for replacement supplies of lost, stolen or misdirected medication, medical/surgical supply or DME deliveries.
12. The pharmacy must ensure proper storage is available and authorized agent or recipient is aware of requirements before delivery.
13. All Medicaid claims for drugs that were not deliverable must be reversed within 14 days.

For Home Deliveries:

1. The pharmacy should inform the member or their designee of the pharmacy's delivery schedule, verify the date and location for the delivery, and notify the member that a signature will be required at the time of delivery.
2. The number of times a pharmacy attempts to deliver is left to the discretion of the pharmacy.
3. The pharmacy must advise the member or their designee, either verbally or in writing (e.g., a patient information leaflet) of the correct handling and storage of the delivered prescriptions.

4. When applicable the pharmacy must confirm an appropriate administration plan is in place for home deliveries.

Pharmacy Dispensing of Drugs That Require Administration by a Practitioner

NYS Medicaid recognizes the need for certain drugs requiring administration by a practitioner to be available to members by way of both the Medical Benefit and Pharmacy Benefit. Drugs are evaluated to determine if they are eligible for coverage under the pharmacy benefit using the following criteria:

1. The drug must be able to be billed in the NCPDP format.
2. The drug must be able to be delivered directly to the place of administration.
3. The drug must be available from a dispensing pharmacy that is enrolled in Medicaid.
4. The drug must either fit into an existing category within the PDL, DUR, or CDRP OR have a potential for inappropriate use outside of FDA approval or Compendia support that can be avoided using clinical editing.
5. Providers must ensure that a pharmacist counsel the patient consistent with federal (including but not limited to 42 CFR § 456.705(c) and SSA § 1927 (g)(2)(A)(ii)) and State law, rule, or regulation (8 NYCRR § 63.6(8)), and retain records for six years of provision of counseling in compliance with federal and State law, rule, or regulation.
6. In certain circumstances, the DUR Board may need to review the drug before clinical criteria may be applied. Drugs will be evaluated on a case-by-case basis to determine if they are appropriate to add to the pharmacy formulary.

Practitioner-administered drugs are listed on the Medicaid Pharmacy List of Reimbursable Drugs and may be billed directly to NYRx by a pharmacy. **Nothing in this policy is meant to suggest that practitioner-administered drugs must be dispensed as a Pharmacy Benefit.** The policy regarding practitioner-administered drug billing is addressed in the Physician's Manual found here:

<https://www.emedny.org/ProviderManuals/Physician/>

Practitioner-administered drugs dispensed as a Pharmacy Benefit must be delivered by the pharmacy directly to the site of administration. This is considered "white bagging" and is acceptable under the following guidelines:

1. Drugs should only be dispensed by the pharmacy directly to the patient when they are to be self-administered. The policy surrounding self-administered drug delivery is found in section titled *Delivery* above.
2. Prior to delivery of a practitioner-administered drug the dispensing pharmacy must confirm the delivery address, that the member still requires the drug, that an appointment has been scheduled and confirmed for its administration. **Automatic refills are not permitted.** The policy surrounding refills is found in the section titled *Refills* above.
3. Delivery charges may not be billed to the member or Medicaid.

4. The pharmacy is responsible for preparing and delivering the drug in accordance with administration guidelines in the package insert, as well as the replacement of improperly stored, lost, or stolen drugs until confirmed receipt by the authorized agent.
5. The pharmacy must confirm an appropriate administration plan is in place for home deliveries.
6. The pharmacy is required to obtain documentation of delivery by the receipt of a signature of a recipient or an authorized agent at the site of administration.
7. All Medicaid claims for drugs that were not deliverable must be reversed within 14 days.
8. Once delivered and signed for, the site of administration is responsible for replacement of improperly stored, handled, lost, or stolen practitioner-administered drugs.

Practitioner-administered drugs dispensed directly to a patient by the pharmacy to bring to their practitioner's office for administration is considered "**brown bagging**," and causes concern regarding proper storage or handling, which can affect the drug's efficacy. Brown bagging is not acceptable under NYS Medicaid.

This policy refers to any drug being dispensed by a pharmacy for practitioner-administration to a NYRx member, including those billed as a secondary payment.

Unused Medication

Whenever possible Medicaid members should be discharged or admitted to a Long-Term Care (LTC) facility with their ongoing medication supplies on hand. It is expected that medications provided by the Medicaid benefit that go unused by the Medicaid member are returned to the LTC pharmacy in a timely basis for immediate credit as allowed by Medicaid policy and other State law and regulation (PHL 2803-e, Title 10 NYCRR 415.18). LTC facilities and their pharmacies are encouraged to review their protocols to ensure any waste is at a minimum and that the regulations and law requirements are met.

Frequency, Quantity and Duration (F/Q/D) Limits

Prescription, non-prescription drugs and medical/surgical supplies may have fixed limits in the amount and/or frequency that can be dispensed. NY Medicaid considers Frequency, Quantity, and Duration (F/Q/D) recommendations made by the Drug Utilization Review (DUR) Board. Some of the drugs/drug classes affected by F/Q/D editing are also included in the Preferred Drug Program (PDP). Therefore, drugs/drug classes that have a preferred status can also be subject to F/Q/D editing.

System messaging has been developed to help guide the pharmacists to appropriately submit the claim or to refer to the prescriber.

For certain medical/surgical supplies, if the limit on an item is exceeded, prior approval must be requested with accompanying documentation as to why the limit needs to be exceeded. Quantity and frequency limits are available in the OTC and Supply Fee Schedule section of this manual:

<https://www.emedny.org/ProviderManuals/Pharmacy/>

Questions on medical/surgical supplies may be referred to the eMedNY Call Center at 800-342-3005.

The following links have been provided as helpful resources for information on the PDP, F/Q/D and Step Therapy Programs: <https://newyork.fhsc.com/> and http://www.health.ny.gov/health_care/medicaid/program/dur/index.htm.

Questions on prescription Frequency, Quantity and Duration (F/Q/D) Limits may be referred to the NY Medicaid Clinical Call Center at: 877-309-9493.

Generic Drug Substitution Policy

All Medicaid pharmacy providers must comply with all State requirements adopted pursuant to NY State drug substitution laws. Additionally, as a result of the Medicaid Mandatory Generic Drug Program, prior authorization must be obtained for most brand-name drugs with an “A-rated” generic equivalent before dispensing.

Prior Authorization Programs

The Medicaid program requires prior authorization for certain drugs under the following programs:

- Preferred Drug Program (PDP)
- Brand When Less Than Generic Program (BLTG)
- Dose Optimization Initiative
- Clinical Drug Review Program (CDRP)
- Drug Utilization Review (DUR) Program
- Mandatory Generic Drug Program (MGDP)

Prescribers may need to obtain prior authorizations for certain drugs. General information on the prescription drug prior authorizations, including the above programs, can be found at the following website: <https://newyork.fhsc.com>.

Note: If a prior authorization number has not been obtained by the prescriber and the pharmacist is unable to reach the prescriber, the pharmacist may obtain a prior authorization for up to a 72-hour emergency supply of a multi-source brand-name or non-preferred drug, subject to state laws and Medicaid restrictions. Once a 72-hour supply prior authorization number is given and a 72-hour supply is dispensed, the

prescription is no longer valid for the remaining quantity and refills. The pharmacist is expected to follow-up with the prescriber to determine future needs.

Pharmacy Program information is available on the Medicaid Pharmacy Program website at: https://www.health.ny.gov/health_care/medicaid/program/pharmacy.htm.

PAXPRESS

Medicaid enrolled prescribers can initiate prior authorization requests using a web-based application. PAXpress is a web-based pharmacy PA request/response application accessible from the eMedNY website at <https://www.emedny.org> as well as the NY Medicaid Pharmacy Prior Authorization Program website at: <https://newyork.fhsc.com/>.

The PAXpress website provides a single point of entry for prescriber access to announcements, documents and quick links to important program information.

A user manual is accessible from the eMedNY website and provides information for using the PAXpress application:
https://www.emedny.org/info/paxpress/PAXpress_User_Manual.pdf.

Pharmacists are not authorized to submit for a Prior Authorization except for the 72-hour emergency supply as mentioned above.

Pharmacists as Immunizers

Reimbursement is provided to Medicaid enrolled pharmacies for vaccines and anaphylaxis agents administered by a certified pharmacist or a certified pharmacy intern under the supervision of a certified pharmacist within the scope of their practice within all Medicaid polices.

A link to the latest billing information can be found on the following website under “Pharmacists as Immunizers”:

https://www.health.ny.gov/health_care/medicaid/program/phar_immun_fact.htm

Service Limits

Selected items of medical/surgical supplies have limits in the amount and frequency that can be dispensed to an eligible Medicaid member. If a member exceeds the limit on an item, prior approval must be requested with accompanying documentation as to why the limits need to be exceeded.

For more information, please refer to the Fee Schedule at:
<https://www.emedny.org/ProviderManuals/DME/>

Third Party Liability (TPL)

Federal regulations require that all available resources be used before Medicaid considers payment. Medicaid regulations at 18NYCRR §540.6(e) require a provider to pursue any available other coverage prior to submitting a claim to Medicaid. If there is a responsible third party who should be paying for the Medicaid member's health benefits as primary payor, that responsible third party must pay first. Failure to obtain prior authorization does not overcome the responsibility of the primary payor.

Claims for members with other coverage will deny at point of service with National Council for Prescription Drug Programs (NCPDP) response code/message "717- Client Has Other Insurance". Through coordination of benefits, Medicaid will pay the patient responsibility for a correctly submitted Medicaid coverable claim or will pay up to the Medicaid allowed amount for a drug in a class specifically excluded from being covered under the Third-Party Liability Plan (TPL) including Medicare.

Claims submitted to NYS Medicaid with a no reimbursement from any TPL must correctly be submitted. Pharmacy providers who receive a no TPL reimbursement must ensure that the claim was adjudicated within the TPL's claim process requirements. This includes submitting the claim under the appropriate coverage benefit, medical or pharmacy, such as with the Healthcare Common Procedure Coding System (HCPCS) or by the National Drug Code (NDC). Additionally, pharmacies not contracted with the member's TPL Plan may need to attempt an override with the plan, or enroll with the plan, or advise the member and prescriber of the need to change dispensing to a network pharmacy.

It is the responsibility of the prescriber to prescribe, per the plan's formulary, and to pursue any claim issues such as, but not limited to:

- necessary prior authorizations or appeals; or
- prescription alternatives (for a non-formulary or non-preferred drug); or
- necessary changes (quantity or day supply, etc.); or
- selecting an in-network pharmacy that is agreeable to the member; or
- billing the appropriate benefit (medical vs. pharmacy or HCPCS vs NDC).

Pharmacies have a corresponding responsibility to submit claims to a Medicaid member's other coverage per the plan's requirements before submitting the claim to Medicaid. Pharmacies that have difficulty in billing a plan, should advise the prescriber and member of potential delays and options for resolution. If the claim issues are resolved, the pharmacy may then resubmit the claim to Medicaid after the claim is properly adjudicated with the TPL.

Submitting a TPL covered claim that bypasses the TPL's responsibility of payment is considered fraudulent billing and is subject to audit. Reminder: Providers must retain

evidence that the responsible TPL denied the claim, other TPL responses where applicable, and payment information was retained, for a minimum of six years following the date of Medicaid payment.

Note: the Medicaid payment must be accepted as payment in full.

Medicare/Medicaid Reimbursement

Pharmacies enrolled in the *Medicaid* Program as a billing provider are required to demonstrate participation in the *Medicare* Program. Medicaid pharmacy enrollment information can be accessed online at:

<https://www.emedny.org/info/ProviderEnrollment/>

Analogous to TPL in the section above, Medicare benefits must also be maximized prior to billing Medicaid. Services covered by both Medicare and Medicaid must first be billed to Medicare (See below for Parts A, B, D).

It is the pharmacy's responsibility:

- to bill the appropriate Medicare benefit
- to notify both the member and the prescriber of any needed authorizations or changes the Medicare Plan requires

Pharmacy providers can bill Medicaid only after payment information is received from Medicare. Pharmacy providers may not circumvent Medicare billing procedures for a Medicare covered member and must bill by the Healthcare Common Procedure Coding System (HCPCS) or by the National Drug Code (NDC) as the Medicare Plan requires. For audit purposes, payment information must be retained for a minimum of six years following the date of payment.

Medicare Part A

Medicare Part A covers inpatient care, including critical access hospitals, and skilled nursing facilities (not custodial or long-term care). It also covers hospice care and some home health care. Members must meet certain conditions to receive these benefits.

Medicare Part B

Medicare Part B covers doctors' services, outpatient care and some other medical services that Part A does not cover. Information regarding Medicare Part B outpatient covered drugs can be found here: <https://www.medicare.gov/coverage/prescription-drugs-outpatient> Medicare Part B covers certain drugs such as:

- Drugs used with an item of durable medical equipment

- Some antigens
- Injectable osteoporosis drugs
- Erythropoiesis-stimulating agents
- Blood clotting factors
- Injectable and infused drugs
- Oral End-Stage Renal Disease (ESRD) drugs
- Parenteral and enteral nutrition (intravenous and tube feeding)
- Intravenous Immune Globulin (IVIG) provided in the home
- Vaccinations
- Immunosuppressive drugs following a Medicare paid transplant
- Oral cancer drugs
- Oral anti-nausea drugs
- Self-administered drugs in hospital outpatient setting.

For Medicaid/Medicare crossover claims, even for a procedure that would have required Medicaid prior approval, prior approval is not required since Medicare approved and paid for a service and/or procedure.

The total Medicare/Medicaid payment to the pharmacy provider will not exceed the amount that the pharmacy provider would have received for a Medicaid-only patient. If the Medicare payment is greater than the Medicaid fee, no additional payment will be made.

Note: The Medicare and Medicaid payment (if any) must be accepted as payment in full. Per State regulation, a pharmacy provider of a Medicare Part B benefit cannot seek to recover any Medicare Part B deductible, or coinsurance amounts from Medicare/Medicaid Dually Eligible Individuals.

Medicare Part D

Medicare members who also have Medicaid, also known as dual-eligible, must be enrolled in a Medicare Part D prescription drug plan in order to maintain their Medicaid coverage. Medicaid does not cover any class of drugs covered under Medicare Part D for full-benefit dual eligible members. Members and their prescribers must work together to find an appropriate drug that is covered by the Part D plan or, if necessary, use the Part D plan's exception and appeals process to obtain coverage for necessary prescriptions not listed on the plan's formulary. It is not appropriate to bill Medicaid for any prescription drug for a Medicare Part D member unless as stated below.

Under the Medicare Part D prescription drug benefit most drug costs are paid for by Medicare. Medicaid only pays for drugs from the List of Medicaid Reimbursable Drugs where the drug class is specifically excluded by law from being covered under the Part D plans, such as:

- Select prescription vitamins; and

- Certain non-prescription drugs.

All claims for dual-eligible members submitted to Medicaid are subject to Medicaid rules, including prior authorization.

For more information regarding Medicare Part D benefit, refer to the DOH website at: https://www.health.ny.gov/health_care/medicaid/program/medicaid_transition/index.htm.

Home Infusion

The New York State Medicaid Program does not provide a bundled payment to cover drugs, supplies and services associated with home infusion treatments. Home infusion drugs and supplies must be billed as a pharmacy or medical benefit.

The list of Medicaid reimbursable drugs available as a pharmacy benefit may be accessed at: <https://www.emedny.org/info/formfile.aspx>.

The Centers for Medicare and Medicaid Services (CMS) requires coverage of home infusion drugs under Medicare Part D that are not currently covered under Parts A and B of Medicare. Information on Medicare coverage of home infusion can be found here: <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/Home-Infusion-Therapy/Overview.html>.

Monitoring

Federal regulations require that pharmacy providers be monitored in order to assure that reimbursement for drugs is made at the lowest possible level, consistent with accurate cost information. This monitoring will consist of on-site and data reviews to verify that the pharmacy is submitting accurately priced claims.

Section II - General Guidelines

Pharmacy Provider Enrollment

Pharmacy Types

New York State Medicaid enrolls in-state and bordering state pharmacies under one of three pharmacy provider types. Bordering states include New Jersey, Vermont, Massachusetts, Pennsylvania, and Connecticut. Listed below are the three types of

pharmacies, the applicable Category of Service (COS), and a brief description of the characteristics of each.

Pharmacy (COS 0441)

Pharmacies that have a separate and distinct location that meet the one of the descriptions below are classified as a COS 0441:

- Outpatient dispensing, community-based pharmacies that include:
 - o Independently owned;
 - o Chain; and
 - o Those owned by a non-profit entity whose physical space is separate and distinct from the physical space of other healthcare services provided by the non-profit entity (e.g., does not share a waiting room with another office or clinic, patients do not need to walk through an office area to present to pharmacy); and/or
- Pharmacies that are contracted with and provide drugs to NY Medicaid members residing in NY Medicaid enrolled facilities; and/or
- Pharmacies that provide drugs to NY Medicaid members to the site where they are being administered or infused by a practitioner.

Note, pharmacies that are embedded or located (not separate and distinct) within a healthcare facility, physician's office or group, or in a hospital setting, are not classified under COS 0441.

Clinic Pharmacy (COS 0161)

- Owned and operated by a clinic;
- Services only the patients of the clinic;
- Physically adjacent to or embedded within the clinic it serves; and
- Able to submit claims for medication orders and/or patient-specific orders to Medicaid.

Hospital Pharmacy (COS 0288)

- Owned and operated by the hospital;
- Services patients in the hospital and may also provide outpatient services;
- Physically adjacent to or embedded within the hospital it serves; and
- Able to submit claims for medication orders and/or patient-specific orders to Medicaid.

Enrollment Policy

COS 0441

Medicaid will accept applications for pharmacy enrollment for those located in NY state or the bordering states listed above when criteria under "Medicaid Enrolled Pharmacies" below is met at time of application submission.

Medicaid will accept applications for limited pharmacy enrollment for pharmacies outside of NYS and outside of the bordering states, when criteria under “Medicaid Enrolled Pharmacies” below is met at time of application submission and when there is an unmet need such as:

- the pharmacy serves a NY Medicaid member that lives in the pharmacy’s service location state that is outside of NY state or outside of the bordering states (e.g. a NY Medicaid enrolled foster care child); or
- the pharmacy has an exclusive arrangement to dispense a drug on the [Medicaid Pharmacy List of Reimbursable Drugs](#).

Medicaid Enrolled Pharmacies (COS 0441, 0161, 0288):

- have a Medicaid enrolled Supervising Pharmacist;
- are fully operational, open, and dispensing medications;
- are fully enrolled in Medicare* as a participating provider
- accept Medicare claims assignment and submit Medicare claims for all Medicare covered services on behalf of a Medicaid member;
- accept payment from the Medicaid program as payment in full for all care, services and supplies billed under the program, except where specifically provided in law to the contrary;
- maintain inventory of commonly dispensed medications and supplies (e.g. diabetic), that are applicable to the patients they serve;
- maintain adequate hours of operation, as needed for the Medicaid members that they serve;
- are able to respond to urgent or emergent issues that occur after normal operating hours;
- maintain active DEA registration;
- maintain applicable State registration;
- out of state pharmacies:
 - must maintain NY non-resident registration;
 - must maintain state registration in service location;
 - must maintain Pharmacy / Wholesale Distributor / Manufacturer License Verification with the NYS Education Department;
 - must maintain Medicaid enrollment in service location state;
- submits any subsequent forms and information as required by the Department;
- update the Department promptly as needed for pharmacy enrollment changes. Failure to notify the Department may result in termination of existing pharmacy enrollment which includes payment denial in accordance with 18 NYCRR Sections 502.5(b), 504.7(d)(1), (f), 42 CFR Section 455.416. Updates include but not limited to the following:
 - changes to service location, which must be submitted within 15 days of location change.
 - ownership changes, which must be submitted within 15 days of a change in ownership., and

- managing employee changes, including supervising pharmacist.
 - follow all federal and NYS laws, regulations, and policies.
- * The New York State (NYS) Medicaid program requires Medicare enrollment for pharmacies enrolling in Medicaid to ensure that Medicaid dual eligible members receive drugs and supplies from Medicaid providers enrolled in accordance with federal and State laws, and regulations. The three types of Medicare enrollment include CMS-460 Medicare Participating Physician or Supplier Agreement, CMS-855B Medicare enrollment for clinics/group practices and other suppliers, and CMS-855S Medicare enrollment for Durable medical equipment, prosthetics, orthotics and supplies (DMEPOS) suppliers. Pharmacies that choose to enroll in the CMS-460 Medicare Participating Physician or Supplier Agreement, agree to accept assignment for all their Medicare claims, including those not subject to Medicaid payment. This Medicare enrollment is optional. However, all Medicaid enrolled pharmacy providers are still required by federal law to submit claims and accept assignment for Medicare covered services provided to Medicaid dual eligible members, regardless of CMS-460 enrollment status. Pharmacies must determine if their business situation or business model requires CMS-855B or CMS-855S Medicare enrollment or both. [Attestation of Need for/Exemption from Medicare Enrollment form #409602](#) enables pharmacy applicants the opportunity to clarify and attest to the need for an exemption from each type of Medicare enrollment. Pharmacies that do not have or maintain CMS-855S enrollment may not meet enrollment criteria and may not be enrolled or may be disenrolled. Please note, that the CMS-855S Medicare enrollment applies to Medicaid pharmacy categories of service 0441 and 0442. Pharmacies are subject to audit, recovery, and Medicaid provider termination for non-compliance with the requirement of Medicare enrollment.

A short description of the three types of Medicare enrollment are:

- CMS-460, *Medicare Participating Physician or Supplier Agreement*, is completed at time of or within 90 days of Medicare enrollment or during certain enrollment time frames; Providers will accept assignment for Medicare covered services; ensures Medicaid members will not be charged for services;
- CMS-855B, *Medicare Enrollment for Clinics/Group Practices and Other Suppliers*. Pharmacy dispenses drugs administered by a practitioner in a long-term care facility, practitioner's office, infusion center, or home setting; or is dispensing drugs covered by National Government Services (NGS) enrollment that are self-administered; or is dispensing and administering vaccines covered by Medicare Part B;
- CMS-855S, *Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Suppliers*. Pharmacy dispenses diabetic supplies, nebulizer drugs, oral anticancer or antiemetic drugs, etc. covered by Medicare Part B.

More information about the Pharmacy provider enrollment application process can be found here:

<https://www.emedny.org/info/ProviderEnrollment/pharm/>

Who May Dispense

Enrolled Pharmacies

Drugs and medical/surgical supplies may be dispensed to Medicaid members by pharmacists/pharmacies which are licensed and currently registered by the New York State Education Department, and which are enrolled in the New York State Medicaid Program.

Practitioners Dispensing Pharmacy Outpatient Drugs

Drugs may be provided by a prescribing practitioner under certain circumstances.

Practitioners who are authorized to prescribe may dispense pharmacy outpatient drugs, however, they must do so per the criteria described by the NYS Education Law Article 137 §6807(1)(b) and (2)(a) and NYS Public Health Law §2312. Dispensing within the Education Law noted above is limited and intended to be narrow in scope, whereas dispensing within Public Health Law is more common. Practitioners that choose to dispense may provide the drug free of charge, through medical billing or alternatively, the provider may write a prescription for dispensing at the enrolled pharmacy of the member's choosing.

The NYS Medicaid Program has a large number of enrolled pharmacies, most of which are available seven days a week, open beyond normal business hours and some provide 24-hour service options. Additionally, NYS Medicaid enrolled pharmacies have access to a wide variety of drugs and receive regular shipments to accommodate outpatient prescriptions for Medicaid members.

Note: Practitioners are reminded, Medicaid members are entitled to obtain pharmacy services from any qualified provider enrolled in the Medicaid program, pursuant to 18NYCRR Section 360-6.3.

Policy

Practitioners who choose to dispense outpatient drugs to a NYRx or Managed Care member must:

- be actively licensed as a practitioner authorized to prescribe and in good standing with NYS;
- be actively enrolled as a practitioner;
- have software available to monitor for drug allergies or other complications;
- dispense only to their own patients;

- label, hand the drug to the patient directly (cannot be delegated to another person, must be completed by only the dispensing practitioner);
- ensure that the dispensing practitioner counsel the patient consistent with federal (including but not limited to 42 CFR § 456.705(c) and SSA § 1927 (g)(2)(A)(ii)) and State law, rule, or regulation (8 NYCRR § 63.6(8)), and retain records for six years of provision of counseling in compliance with federal and State law, rule, or regulation;
- maintain records of drugs dispensed and circumstances (i.e., emergency);
- limit dispensing of drugs according to law including but not limited to:
 - An oncologic protocol is written set of instructions to guide the administration chemotherapy, immunotherapy, hormone therapy, targeted therapy to patients for the treatment of cancer or tumors. It does not include protocols that cover drugs prescribed to relieve side effects of these therapies or to relieve distressing symptoms (such as nausea or pain). [Education Law §6807]
 - An acquired immunodeficiency syndrome (AIDS) protocol is a written set of instructions to guide the administration antiretroviral drugs to patients for the treatment of HIV infections or AIDS. It does not include protocols that cover medications prescribed to provide relieve side effects of these therapies or distressing symptoms (such as nausea or pain). [Education Law §6807]

Notes:

Practitioners may not submit an office visit claim for the sole purpose of dispensing a drug that the member can obtain at a NYS Medicaid enrolled pharmacy.

All Federal, State, and NYS Medicaid policies regarding dispensing, billing and record keeping apply.

Nothing in this policy is meant to suggest, encourage or otherwise require that any practitioner administered, or dispensed drug be billed to the Program under the pharmacy benefit. Practitioner administered drugs will continue to be billed as a NYS Medicaid medical benefit.

Questions regarding this policy may be directed to the Medicaid Pharmacy Policy unit at 518-486-3209 or NYRx@health.ny.gov.

Who May Prescribe

Practitioners authorized to prescribe by New York State must be enrolled in the Medicaid Program in order to prescribe to NY Medicaid members. Enrollment information may be found here:

<https://www.emedny.org/info/ProviderEnrollment/>

All prescriptions/fiscal orders must comply with relevant State Education Law requirements.

Additionally, other requirements include:

- Enrolled Registered Physician Assistants (RPAs) may prescribe orders subject to any limitations imposed by the supervising physician. The Medicaid member must be under the care of the physician responsible for the supervision of the RPA.

Exemptions from Enrollment Requirements for Prescribers

Interns, Residents and Foreign Physicians in Training — Unlicensed Physicians

In accordance with NYS Education Law Article 131 § 6526, unlicensed physicians who are residents, interns and foreign physicians participating in training programs, are authorized to prescribe. NYS Medicaid recognizes the authority under which these unlicensed providers may prescribe; however, these physicians are not eligible for enrollment into the Medicaid program without a license. [Medicaid Provider Enrollment Compendium \(MPEC\)](#) allows unlicensed physicians to provide ordering/prescribing/referring/attending (OPRA) services to Medicaid members. The State Medicaid Agency (SMA) is not required to enroll a provider type, such as unlicensed physicians, for the purpose of complying with 42 of the Code of Federal Regulations (CFR) [§ 455.410\(b\)](#) or [§ 455.440](#), when the provider type **is ineligible** to enroll in the NYS Medicaid Program.

Billing Guidance

To allow claims by unlicensed physicians who are authorized to prescribe pharmacies may use the following billing guidance:

Claims prescribed by an unlicensed OPRA provider will initially reject for National Council for Prescription Drug Programs (NCPDP) Reject code “889” (*Non-Matched Prescriber ID*). This means the prescriber is **not** enrolled in Medicaid.

The following information must be included on the claim to override the above rejection for unlicensed residents, interns, or foreign physicians in training programs:

- Field 439-E4 (Reason for Service Code): enter “PN” (*Prescriber Consultation*)
- Field 441-E6 (Result of Service Code): enter applicable value (“1A”, “1B”, “1C”, “1D”, “1E”, “1F”, “1G”, “1H”, “1J”, “1K”, “2A”, “2B”, “3A”, “3B”, “3C”, “3D”, “3E”, “3F”, “3G”, “3H”, “3J”, “3K”, “3M”, “3N”, “4A”)
- Field 420-DK (Submission Clarification Code): enter “02” (*Other Override*)

If the above override is attempted for a non-enrolled licensed practitioner, the claim will continue to be denied. Pharmacies may not use the above billing guidance for NY licensed practitioners. The only option available when a pharmacy is presented with a prescription or fiscal order written by a licensed, non-enrolled prescriber for a Medicaid member is to obtain a new prescription from an enrolled provider.

Documentation

With regard to any claims submitted for a prescription issued to a Medicaid enrollee by any unlicensed physician, records should be contemporaneously created and maintained supporting the issuance of such prescription. This requirement applies to all residents, interns and foreign physicians who participate in any medical training program. The documentation must include the National Provider Identifier (NPI) of the Medicaid provider who is responsible for supervising the prescribing unlicensed resident, intern or foreign physician in a training program.

All records related to the issuance of a prescription by non-enrolled physicians are subject to production upon request by NYS, including but not limited to, by NYS Department of Health (DOH), Office of the Medicaid Inspector General (OMIG), Office of the State Comptroller (OSC) and the NYS Office of the Attorney General.

Out-of-State (OOS) Licensed Prescribers

Under federal regulations, all ordering or referring physicians or other professionals (ORPs) must be enrolled in the Medicaid Program. However, the MPEC allows for payment of prescription claims prescribed by OOS licensed physicians or ORPs under limited circumstances as described below.

The following billing guidance applies to OOS licensed prescribers who are either enrolled in Medicare with an "approved" status or are enrolled in their own state's Medicaid plan. The prescription must be for:

- a **single instance** of emergency medical care or order for **one** Medicaid member within a 180-day period, or
- multiple instances of care provided to **one** Medicaid member when the services provided are more readily available in another state within a 180-day period.
- Pharmacy claims will initially reject for National Council for Prescription Drug Programs (NCPDP) Reject code "889" (Non-Matched Prescriber ID). This means the prescriber is **not** enrolled in NYS Medicaid.
- To override above rejection for the OOS prescription situations described above:
 - In Field 439-E4 (Reason for Service Code): enter "PN" (*Prescriber Consultation*)
 - In Field 441-E6 (Result of Service Code): enter applicable value ("1A", "1B", "1C", "1D", "1E", "1F", "1G", "1H", "1J", "1K", "2A", "2B", "3A", "3B", "3C", "3D", "3E", "3F", "3G", "3H", "3J", "3K", "3M", "3N", "4A")

- In Field 420-DK (Submission Clarification Code): enter **"02"** (*Other Override*)

Please note: The billing guidance above may not be used for claims or orders prescribed by an OOS licensed prescriber that is treating more than one Medicaid member for more than a single instance of emergency care within a 180-day period, or more than one Medicaid member for multiple instances of care when the services provided are more readily available in another state within a 180-day period. The only option available when a pharmacy is presented with a prescription or fiscal order outside of the MPEC exceptions is to obtain a new prescription from an enrolled provider because federal regulations require New York State Medicaid enrollment for these prescribers. Pharmacies may refer prescribers to the [eMedNY Provider Enrollment Index](#) for further information on how to enroll.

Free Choice

The choice of which pharmacy provider will fill the prescription or order for drugs rests with the Medicaid member. The prescribing practitioner should obtain the Medicaid member's pharmacy choice before prescribing any prescription or fiscal order in order to allow the Medicaid member to exercise his or her freedom of choice.

Record-Keeping Requirements

Pharmacies must keep on file the original prescription or fiscal order for which Medicaid payment is claimed. These original prescriptions and fiscal orders must be kept on file for six years from the date the service is provided or billed, whichever is later.

Pharmacies are not required to generate and keep a hard copy of electronic prescriptions and fiscal orders as long as they are securely stored and maintained. When stored electronically, the electronic imaging of prescriptions and fiscal orders that were e-prescribed must result in an exact reproduction of the original order and may be required to be authenticated.

Telephone Orders

Prescribers may telephone prescriptions and fiscal orders for drugs directly to a pharmacy unless otherwise prohibited by State or Federal law or regulations.

- Telephoned non-controlled prescription drug orders are considered original. Follow up hard copy is not required.

- Telephoned controlled prescriptions must follow all rules in 10 NYCRR Part 80 including the requirement of an original order (follow up hard copy) provided to the pharmacy from the prescriber within timeframe specified.
- Telephoned fiscal orders for OTC drugs or DME items or supplies are not considered original; the pharmacy must obtain the original signed fiscal order (follow up hard copy) from the ordering practitioner within 30 calendar days of the documented telephone order date.

The pharmacist is responsible to make a good faith effort to verify the prescriber's identity and validity of the prescription if the prescriber is unknown to the pharmacist.

- A telephone order must be reduced to writing, either through written communication or electronic record, indicating the time of the call and initials of the pharmacist.
- The format used to record the telephone order must conform to requirements of the New York (NY) State Education Law with regard to permitting substitution or dispensing as ordered.
- Prescriptions for multi-source brand drugs requiring "dispense as written" and "brand necessary" may be ordered over the telephone, the pharmacist must notate such on the oral order. The prescriber or authorized individual prescribing by phone must verbally communicate both "dispense as written" and "brand necessary" and notate such in the Medicaid member's medical record in his/her own handwriting that the drug is "brand medically necessary," the reason that a brand name multi-source drug is required, and the prior authorization number for the drug if applicable. See Mandatory Generic Drug Program: https://newyork.fhsc.com/providers/MGDP_about.asp.

Faxed Orders

Prescribers may fax prescriptions and fiscal orders for drugs directly to a pharmacy unless otherwise prohibited by State or federal law or regulations.

The pharmacist is responsible to make a good faith effort to verify the validity of the prescription and the prescriber's identity if the prescriber is unknown to the pharmacist.

- A faxed order must originate from a secure and unblocked fax number from the prescriber. The source fax number must be clearly visible on the fax that is received.
- A faxed order must include the physician stamp **and** signature.

- Each faxed prescription or fiscal order may include only one (1) drug on a serialized [Official New York State Prescription Form](#). Lists of drugs are not acceptable as faxed orders. Non-controlled drugs ordered from a nursing home are exempt from this requirement.
- Faxed orders for prescription drugs, OTCs, and DME not on the Official New York State Prescription form are not considered an original order and require a follow up hard copy.
- Faxed order forms from an intermediary may not be used as a prescription to submit a claim.
- Faxed forms, including enrollment into Patient Assistance Programs for specific medications, or Prior Authorization or Insurance information with prescription information and prescriber signature may not be used as a prescription to submit a claim.
- “Faxbacks” may not be used as a prescription to submit a claim.
- Fail-over electronically transmitted prescriptions that come to the pharmacy as a fax may not be used as a prescription to submit a claim.

Electronic Orders

Pharmacies are not required to generate and keep a hard copy of electronic prescriptions and electronic fiscal orders. Original orders received in electronic format may be securely stored electronically.

The pharmacist is responsible to make a good faith effort to verify the validity of the prescription and the prescriber’s identity if the prescriber is unknown to the pharmacist.

- Electronic imaging of prescriptions and fiscal orders must result in an exact reproduction of the original order and may be required to be authenticated.

Section III - Scope of Pharmacy Benefits

List of Reimbursable Drugs

The List of Medicaid Reimbursable Drugs has been established by the New York State Commissioner of Health. Only those prescription and non-prescription drugs which appear on the List are reimbursable under NYRx. The List also contains those non-

prescription therapeutic categories which the Commissioner of Health has specified as essential in meeting the medical needs of Medicaid members.

The entire List is available electronically at: <https://www.emedny.org/info/formfile.aspx>

The List includes the following information:

- Rx Type: identifies Prescription Type (value 01 indicates non-controlled legend drugs; values 02 through 06 indicate controlled substances; 07 indicates OTC drugs and supplies billed by NDC);
- National Drug Code (NDC);
- Maximum Reimbursable Amount (MRA Cost);
- Cost Alternate (ALT): identifies the NADAC price (when available) for drugs (other than blood products and diabetic supplies) when MRA Cost is less than the NADAC;
- Formulary Description (drug name and strength);
- PA CD (Prior Authorization/Approval Code): Value "0" indicates no PA required; Value "N" indicates PA required; Value "G" indicates PA required/may be required;
- Labeler (manufacturer);
- OTC IND (OTC Indicator): Indicates whether an over-the-counter medication meets the definition of a Covered Outpatient Drug (Y) or not (N).

Note: Reimbursable drugs are listed alphabetically in sections by Rx Type.

Drug Coverage Limitations

Medicaid only provides reimbursement for drugs included on the [New York State List of Medicaid Reimbursable Drugs](#) (unless provided by a facility which includes the cost of drugs in their all-inclusive rate). The following are examples of drugs/drug uses which are not reimbursable by Medicaid in accordance with Policy and/or State or Federal Legislation:

- Drugs used for the treatment of anorexia, weight loss or weight gain pursuant to SSA §1927(d)(2);

- Drugs for the treatment of sexual dysfunction pursuant to SSA §1927(d)(2), and Social Services Law §365-a(4)(f);
- Drugs without a federal rebate agreement pursuant to SSA §1927(a);
- Drugs indicated for cosmetic use or hair growth pursuant to SSA §1927(d)(2);
- Any contrast agents, used for radiological testing (these are included in the radiologist's fee);
- Drugs packaged in unit doses for which bulk product exists.

Medical/Surgical Supplies

Prescribing practitioners may order medical/surgical supplies which are listed in the [OTC and Supply Fee Schedule](#). If a medical/surgical supply does not appear in the OTC and Supply Fee Schedule, the practitioner may request the supply through the prior approval process.

Coverage for “Emergency Services Only” Category of Service

NYRx does **not** reimburse all covered drugs for patients with coverage for “Emergency Services only”. Medicaid coverage may be available for services that are necessary for the treatment of a sudden and acute “emergency medical condition”. Per federal regulation, the term emergency medical condition is defined as a medical condition (including emergency labor and delivery) manifesting itself by acute symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could reasonably be expected to result in:

- (a) Placing the patient's health in serious jeopardy;
- (b) Serious impairment to bodily functions; or
- (c) Serious dysfunction of any bodily organ or part.

Coverage will not be extended for medications when the federal definition of an “emergency medical condition” is not met regardless of where the prescription is being obtained (i.e., emergency department). Drugs not included in “emergency services coverage” will not change based on the type of facility at which a patient receives their prescription.

The policy and list of covered drugs for the Emergency Services category of eligibility can be found under article titled *Emergency Services Only Pharmacy Coverage* at: https://www.health.ny.gov/health_care/medicaid/program/pharmacy.htm. Pharmacies should not submit claims for ESO members for chronic, maintenance, prophylactic or suppressive use of the medications on this list.

Please note:

- Short acting narcotics should only be written for an emergency 5-day supply.
- HIV prophylaxis therapy following occupational exposure & non-occupational exposure (such as sexual assault) can be obtained via the exception/override process.
- Covered
 - Acute/short term: Drugs prescribed and dispensed for only the amount sufficient to treat the sudden and acute emergency medical condition. An acute condition is a medical condition that has a fast onset and short duration.
- Not Covered
 - Chronic/maintenance: Drugs prescribed or administered for a chronic medical condition or is taken as maintenance such as, on a regular consistent basis, are not allowable under this COE. A chronic medical condition is one that progresses slowly and generally long in duration.
 - Prophylactic & suppressive treatment: Drugs prescribed or administered for a prophylaxis or suppressive treatment are not covered under this COE.

Exception/Override Requests: Submission of such a request does not guarantee approval. Exception/override requests for chronic, maintenance, prophylactic or suppressive use or drugs systematically denied for this category of service must be formally approved by the Department of Health (DOH). Prescribers seeking exception to this policy or for a drug not on the list linked above, may send a letter of necessity and supporting documentation via encryption to NYRx@health.ny.gov.

If approved, NY Medicaid will send the dispensing pharmacy written authorization specific to the medication approved and duration of coverage. The override is only applicable to the **approved** prescription(s), pharmacy, and patient documented in the letter.

Note that obtaining a *clinical* PA from the Magellan Call Center does **not** supersede the requirement to obtain approval from NYS Medicaid for chronic use or a drug not included on the list linked above.

The NY Medicaid letter of authorization to dispense must be kept on file by the pharmacy in the event of an audit.

Dispensing Limitations for Items Provided by Residential Health Care Facilities

New York State residential health care facilities have included in their Medicaid rates non-prescription drugs and medical/surgical supplies. All prescription drugs are reimbursed on a fee-for-service basis. Residential health care facilities may:

- Operate an institutional pharmacy to provide these items; or

- Contract with Medicaid enrolled pharmacies to provide these items to Medicaid members. The pharmacy must be reimbursed by the facility for all non-prescription drugs and medical/surgical supplies. Prescription drugs may be billed directly to Medicaid by the dispensing pharmacy on a fee-for-service basis.

Drugs billed directly to Medicaid are limited to prescription drugs included on the New York State Medicaid List of Reimbursable Drugs and are subject to refill, frequency, quantity and duration, step therapy, and prior authorization/approval requirements as described in this Manual.

Medicaid members with both Medicare and Medicaid (dual eligible Medicaid members) who have met their residency requirements in a residential health care facility will receive their prescription drug coverage from their Medicare Part D Plan. Additional information regarding the Medicare Part D Prescription Drug Program and residential health care facilities may be accessed at:

https://www.health.ny.gov/health_care/medicaid/program/medicaid_transition/

See Section IV for Long Term Care Pharmacy Short Cycle Billing information.

Items Provided by Child (Foster) Care Agencies

Please see this [link](#) for an update for items provided by Child Care Agencies.

OMH Residential Treatment Facility Prescription Drug Carve-Out

Reimbursement of **prescription** drugs for children and youth between the ages of five and twenty-one who are residents of the Office of Mental Health (OMH) Residential Treatment Facilities (RTF) is a NYRx benefit and billed directly to Medicaid by the dispensing pharmacy.

Physician administered drugs, OTC drugs, medical supplies, immunization services (vaccines and their administration), nutritional supplies, sick room supplies, adult diapers, and durable medical equipment (DME) are not carved out of the RTF rate and remain the responsibility of the facility.

- The NYRx provides reimbursement for prescription drugs included on the NY Medicaid Pharmacy List of Reimbursable Drugs, which can be found at: <https://www.emedny.org/info/formfile.aspx>.
- Prescriptions must be dispensed and billed by a Medicaid enrolled pharmacy, using the member's individual Medicaid Client Identification Number (CIN).

Smoking Cessation Policy

- Smoking cessation therapy consists of certain prescription and non-prescription agents.
- Some smoking cessation therapies may be used together. Professional judgment should be exercised when dispensing multiple smoking cessation products.
- For all smoking cessation products, the member must have a prescription or fiscal order.
- NY Medicaid reimburses for over-the-counter nicotine patches included on the Medicaid Pharmacy List of Reimbursable Drugs:
<https://www.emedny.org/info/formfile.aspx>.

Emergency Contraception Drug Policy

Both prescription and OTC Emergency Contraception is a Covered Benefit for all Medicaid members without age restriction. This includes individuals enrolled in the Family Planning Benefit Program.

Per NY State regulations, a fiscal order or prescription is not required for OTC emergency contraception for Medicaid-eligible females.

Prescription-only contraceptive drugs continue to require a patient specific practitioner order.

A pharmacy, in compliance with NYS law and regulations, may dispense and submit a claim for emergency contraceptives when the following apply:

- a prescriber submits a prescription order for either the OTC or prescription-only emergency contraceptive; or
- a NYRx member or MMC enrollee specifically requests the OTC emergency contraceptive item on the date of service; and
- a pharmacy submits one course of therapy with no refills; and
- the drug item(s) are dispensed according to:
 - o Food and Drug Administration (FDA) guidelines,
 - o NYS laws, rules, and regulations, and
 - o NYS Medicaid policy.

Both prescription-only and OTC emergency contraception is limited to six courses of therapy in a 12-month period. For more information, please go to:

<https://www.health.ny.gov/publications/2018/>

Section IV - Basis of Payment

Covered Outpatient Drugs (COD) are defined in Federal statute. The following link provides information on the COD Policy & FAQ per CMS:

<https://www.medicaid.gov/medicaid/prescription-drugs/covered-outpatient-drug-policy/index.html>.

Prescription Drugs

Pharmacy reimbursement for prescription drugs under the New York State Medicaid Program is established in law. The pricing methodology is systematically determined as follows:

Drug Type	If NADAC is available reimburse at:	If NADAC is unavailable, reimburse at:	Professional Dispensing Fee*
Generics	Lower of NADAC, FUL, SMAC or U&C	Lower of WAC – 17.5%, FUL, SMAC, or U&C	\$10.18
Brands	Lower of NADAC or U&C	Lower of WAC – 3.3%, or U&C	\$10.18
OTCs	Lower of NADAC, FUL, SMAC or U&C	Lower of WAC, FUL, SMAC, or U&C	\$10.18

* **Professional Dispensing Fee** applies if the drug meets the definition of COD and is not paid at U&C.

Note: Claims will pay at the pharmacy's U&C pricing if lower than drug ingredient cost plus dispensing fee.

Federal Upper Limit (FUL) is determined by the Secretary of Health and Human Services, a price ceiling used by Centers for Medicare and Medicaid Services (CMS) to control prices for certain medications paid to pharmacies.

National Average Drug Acquisition Cost (NADAC) is determined by a federal survey and is an average of the drug acquisition costs submitted by retail community pharmacies.

State Maximum Acquisition Cost (SMAC) is developed by Magellan Medicaid Administration for NY Medicaid and is applied on multiple source generic drugs. It represents an upper limit that NY Medicaid will pay for these drugs.

Usual and Customary Cost (U&C) is the lowest net charge to the general public/cash customers on the date of provision of service, not to exceed the lower sale price, if any, in effect on that date.

Wholesaler Acquisition Cost (WAC) is an estimate of the manufacturer's list price for a drug to wholesalers or other direct purchasers, not including discounts or rebates. The price is defined by federal law.

The NY Medicaid Pharmacy Benefit Manager will receive all requests from pharmacy providers concerning the validity of a SMAC price. The SMAC Research Request Form is posted on the Pharmacy Benefit Manager's web site at:

<https://newyork.fhsc.com/providers/smacinfo.asp>

Questions from pharmacy providers concerning the validity of a SMAC price should be referred to the NY Medicaid Clinical Call Center at 877-309-9493.

Note: the Medicaid payment must be accepted as payment in full.

Non-Prescription Drugs

NY Medicaid covers limited non-prescription (OTC) drugs. OTCs covered by NYRx can be identified under Rx Type '07' in the List of Reimbursable Drugs found at the following website: <https://www.emedny.org/info/formfile.aspx>. Not all OTCs meet the definition of a COD. Those OTC drugs that meet the definition of a COD will have an OTC indicator value of "Y".

- When performing a search, select field "OTC Indicator" and then select a value of "Y"

Multiple Source Drugs

Reimbursement is only available for those multiple source drugs contained on the List of Medicaid Reimbursable Drugs.

For certain brand name prescriptions to be eligible for reimbursement, prescribers must certify that the brand name drug is required by writing directly on the face of the prescription "Brand Necessary" or "Brand Medically Necessary" in their own handwriting in addition to the "DAW", unless the brand drug is on the Brand Less Than Generic Program.

For handwritten orders, a rubber stamp or other mechanical signature device may not be used.

In the case of electronic prescriptions, the prescriber MUST insert an electronic

direction as stated above.

Prior authorization must also be obtained for certain brand name drugs.

In order to dispense a brand name drug when the prescriber indicates “DAW” and, in the case of a prescription written on serialized official NY State prescription form, “Brand Necessary” or “Brand Medically Necessary” on the face of the prescription, the pharmacist must indicate a “yes” in the brand necessary field of the paper claim form or when billing electronically, refer to the NCPDP D.0 Companion Guide for one of the listed codes for submission in field 408-D8- (Dispense As Written (DAW)/Product Selection Code).

For more information, refer to:

https://www.emedny.org/ProviderManuals/Pharmacy/ProDUR-ECCA_Provider_Manual/

Compounded Prescriptions

A Compounded Prescription is one in which two or more ingredients are mixed by the dispensing pharmacist. All Medicaid pharmacy providers must comply with all federal and State requirements for compounding prescriptions. For more information, see also: U.S. Department of Health and Human Services, Food and Drug Administration: <https://www.fda.gov/Drugs/GuidanceComplianceRegulatoryInformation/PharmacyCompounding/default.htm>, and NY State Education Law, Pharmacy laws, rules, and regulations; <http://www.op.nysed.gov/prof/pharm/pharmlaw.htm>.

Topical compounded drug product ingredients must also be FDA approved or compendia supported for topical use. For more information on Federal and State regulations of topical compounded drugs visit: <https://www.fda.gov/Drugs/GuidanceComplianceRegulatoryInformation/PharmacyCompounding/ucm376733.htm>

In order to qualify for Medicaid payment, a compounded prescription must include:

- A combination of any two (2) or more legend drugs found on the list of Medicaid Reimbursable Prescription Drugs; or
- A combination of any legend drug(s) included on the list of Medicaid Reimbursable Prescription Drugs and any other item(s) not commercially available as an ethical or proprietary product(s); or
- A combination of two (2) or more products which are labeled “*Caution: For Manufacturing Purposes Only.*”

The reconstitution of a commercially available drug is NOT regarded as a compounding procedure for NY Medicaid reimbursement.

For example:

- The combination of Aquaphor® and Hydrocortisone Cream 2.5% is **NOT** considered a compound, since it does not meet any of the above requirements.
- Intravenous prescription products that require reconstitution, further measurement, dilution and/or instillation into a suitable device (i.e., minibag, IV reservoir or syringe) for administration are not considered to have been compounded and should not be submitted for reimbursement as compounds.

For compound drug billing, pharmacy providers can submit a minimum of two ingredients, or National Drug Codes (NDCs), in the Compound Segment, field 489-TE (Compound Product ID) to a maximum of 25 ingredients. Providers must identify compound prescription claims by submitting "02-Compound" in field 406-D6 (Compound Code) in the Claim Segment. Claims with NDCs listed in the Compound Segment submitted as a compound code "01-Not a compound" will not be accepted. All compound claims must include a valid Route of Administration code using terminology from the Systematized Nomenclature of Medicine -- Clinical Terms (SNOMED CT) in NCPDP field 995-E2.

All ingredients of a compounded prescription **MUST** be submitted to Medicaid regardless of reimbursement.

Some compounds may require a Topical Compound Prior Authorization (PA). Prescribers may obtain this type of PA via the Magellan call center; then the prescriber will provide the PA number to the pharmacy.

The Department has made and will continually make formulary updates and system enhancements to support this compound policy.

NY Medicaid acknowledges the need for traditional extemporaneous compounding to customize a drug prescribed for a Medicaid covered medically accepted indication which the therapeutic amounts, combinations, and route of administration are FDA approved or compendia supported and there are no suitable commercially available products within the drug class.

The NY Medicaid compound policy is further clarified below:

- Only the dispensing pharmacy may prepare the prescribed compounded prescription.
- Dispensing outsourced prepared compounds is not allowable.
- Compounds trademarked by pharmacies are not coverable.
- Refills of compounds must be specifically requested by the patient or patient's authorized agent before the item is prepared.
- Compounds may not be made to bypass the clinical criteria in [NYRx](#).
- Active FDA approved ingredients submitted on compound claim must be otherwise available on the [NY Medicaid List of Reimbursable Drugs](#).

- Compounds may not contain drugs or be made for Medicaid excluded indications as per the Social Security Act Section 1927(d)(2) including, but not limited to drugs to treat weight loss or sexual dysfunction or for cosmetic purposes.
- Compounds may not be made in therapeutic amounts or combinations not FDA approved, or compendia supported for use.
- Compounds may not be made to add coloring, flavoring, perfumes or other non-active ingredient additives to a commercially available product.
- Submitted compound claims may not include packaging materials or containers, syringes, or other items utilized or necessary in the preparation of final compounded product.
- Compounds must be adjudicated with the appropriate and matching final compounded product route code for the dosage form.
- Prepared compounds that mimic a commercial product must include on the prescription and in the members medical chart documentation of the reason for compounding (i.e., sensitivity or contraindication to dyes, preservatives, or fillers or lack of availability of a commercial product).
- The FDA-approved or compendia supported use and dose of an ingredient must match the compound's intended therapeutic use.
- Reconstitution per product labeling is not considered a compound whether it comes as a kit or requires additional supplies.
- All Medicaid policies, NY and federal laws apply.

Topical

Examples of non-covered topical compounds are those made:

- with ingredients not FDA approved, compendia supported, or excluded from Medicaid coverage for topical use, or
- foot baths, other soaks, or irrigations.

Oral

Examples of non-covered oral compounds are those made:

- with ingredients not FDA approved, compendia supported for oral use, or excluded from Medicaid coverage, or
- by reconstituting commercially available products, or
- as an enteral nutrition product, see billing guidance here:

https://www.emedny.org/ProviderManuals/Pharmacy/PDFS/Pharmacy_Procedure_Codes.pdf or here

https://www.emedny.org/ProviderManuals/DME/PDFS/DME_Policy_Section.pdf.

Parenteral

Examples of non-covered parenteral compounds are those:

- inconsistent with sterile compound standards as required by State or federal law or regulation (8NYCRR Part 29.2 (13)), or
- made to simply dilute, reconstitute or otherwise prepare a medication for infusion per it's labeling, or

- products for nutrition or hydration. See billing guidance for these products here: https://www.emedny.org/ProviderManuals/Pharmacy/PDFS/Pharmacy_Procedure_Codes.pdf

A Medicaid list of reimbursable drugs can be found at: <https://www.emedny.org/info/formfile.aspx>

340B Pharmacy Drug Claims in Medicaid

Upon enrollment in the 340B program, 340B covered entities must determine whether they will use 340B drugs for their Medicaid patients.

Federal law prohibits duplicate discounts – manufacturers are not required to provide a discounted 340B price and a Medicaid drug rebate for the same drug. The federal Health Resources and Services Administration (HRSA) has rules and requirements for when a covered entity uses 340B drugs for Medicaid members, including listing the entity’s Medicaid provider number/NPI on the HRSA Medicaid Exclusion File (MEF). Information on HRSA’s requirements in this area can be found at the following site: <http://www.hrsa.gov/opa/programrequirements/medicaidexclusion/index.html>.

The NY Medicaid program does **not** use HRSA’s Medicaid Exclusion File. NY Medicaid relies completely on the use of 340B claim level identifiers to avoid duplicate discounts. **These identifiers are required at the claim submission level for all 340B drug claims**, thereby avoiding duplicate discounts. Using these identifiers is the **only** way NY Medicaid will remove the claim from rebate invoicing. Note, applying claim level identifiers on non-340B purchased drug claims is considered fraudulent billing.

The following fields are required on Medicaid 340B drug claims submitted in the NCPDP format:

Field	Medicaid Primary Claim	Medicaid Secondary Claim (Medicare; Commercial)
420-DK, Submission Clarification Code (SCC)	20	20
423-DN, Basis of Cost Determination (BCD)	08	N/A
409-D9 Ingredient Cost Submitted	340B Acquisition Cost	N/A

426-DQ Usual and Customary Cost (U&C)	Lowest Net Charge to Cash Customers	Lowest Net Charge to Cash Customers
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FAQs on the 340B program itself, as well as information on how to ask additional questions, can be found on the HRSA website at:
<https://www.hrsa.gov/opa/faqs/index.html>

Long Term Care Pharmacy Short Cycle Billing

Short cycle dispensing is used by long term care (LTC) facility pharmacies as required by federal law for certain Medicare claims or by LTC contract to reduce wasteful dispensing of outpatient prescription drugs. The guidance and chart below apply to any Medicaid claim dispensed to an LTC member who resides in a Private Skilled Nursing Facility, Public Skilled Nursing facility, Private Health Related Facility, or Public Health Related Facility, (when “NH” returns on eligibility response) where the member is stabilized on the drug and is taking it on a consistent basis.

The Department requires the submission of the following appropriate code when dispensing an LTC pharmacy claim drugs in 14-day supply or less.

LTC pharmacy providers should indicate, via an appropriate submission clarification code from the following table in field 420-DK, when they are submitting claims for maintenance medications with short days’ supply. A maintenance drug is one where the member is taking on a consistent basis.

Valid Values	Short Name Description	Long Name Description
"06"	START DOSE	STARTER DOSE
"10"	MT PLN LMT	MEETS PLAN LIMITATIONS (The pharmacy certifies that the transaction is compliant with program policies and rules that are specific to the particular product being billed)
"14"	SHRTLOALTC	SHORT-FILL (Leave of absence from LTC)
"17"	REMANAFTEK	REMAINDER AFT EMERGENCY KIT

NYRx, Pharmacy Manual Policy Guidelines

"21"	LTC14DAYLS	FOURTEEN DAYS OR LESS NOT APPLICABLE (Fourteen days or less dispensing is not applicable due to CMS exclusion and/or manufacturer packaging may not be broken or special dispensing methodology)
"22"	LTC7DAY	SEVEN DAY SUPPLY
"23"	LTC4DAY	FOUR DAY SUPPLY
"24"	LTC3DAY	THREE DAY SUPPLY
"25"	LTC2DAY	TWO DAY SUPPLY
"26"	LTC1DAY	ONE DAY SUPPLY
"27"	LTC43DAY	FOUR THEN THREE-DAY SUPPLY
"28"	LTC223DAY	TWO THEN TWO THEN THREE-DAY SUPPLY
"29"	LTCDAAILY3D	DAILY AND THREE-DAY WEEKEND (pharmacy or remote dispensed daily during the week and combines multiple days dispensing for weekends)
"30"	LTCSHIFT	PER SHIFT DISPENSING
"31"	LTCMED	PER MED PASS DISPENSING
"32"	LTCPRN	PRN ON DEMAND
"33"	LTC7ORLES	SEVEN DAYS OR LESS (cycle not otherwise represented)
"34"	LTC14DAY	FOURTEEN DAY DISPENSING
"35"	LTC814DAY	EIGHT TO FOURTEEN DAYS DISPENSING (cycle not otherwise represented)

Abbreviations: "MT PLN LMT" - Meets Plan Limitations; "SHRTLOALTC" - Short-Fill Leave of Absence from LTC; "REMANAFTEK" - Remainder AFT Emergency Kit; "AFT" - After hours or indicates that the

transaction is a replacement supply for doses previously dispensed to the patient after hours; "CMS" - Centers for Medicare and Medicaid Services

Please note: Values "06", "14", "17" and "22" through "35" will have a prorated dispensing fee applied. Pharmacists may use SCC "10" and "21" for scenarios where drugs are dispensed in their original container, as indicated in the Food and Drug Administration (FDA) prescribing information, or those that are customarily dispensed in their original packaging to assist patients with compliance.

Reminder: Medicine cabinet drugs and emergency kit replenishment is included in the LTC rate and may not be separately billed to Medicaid. The NYS DOH will continue to monitor the use of these codes to ensure compliance.

Medical and Surgical Supplies

Reimbursement for each covered medical/surgical supply will be the lower of:

- The price as indicated on the New York State List of Medical/Surgical Supplies
- or-
- The usual and customary price charged to the general public.

"Covered supplies" are those on the OTC and Supply Fee Schedule manual located here: <https://www.emedny.org/ProviderManuals/Pharmacy/>

For supplies not on this list, only those supplies for which the prescriber has obtained prior approval are covered.

Co-payments for Drugs and Medical Supplies

The New York State Medicaid Program charges co-payments for many drug and medical supply items.

Health care providers have an obligation to provide services and goods regardless of a Medicaid member's ability to pay co-payments.

- Pharmacy providers may not refuse services to otherwise eligible Medicaid members who cannot afford to pay the co-payment, per Social Security Act (SSA) § 1916 and Title 18 NYCRR § 360-7.12. ***To refuse to provide services is an unacceptable practice.***
 - Providers may attempt to collect outstanding copayments through methods such as requesting the copayment each time the member is provided services or goods, sending bills or any other legal means.
- Pharmacy providers must not reduce the amount charged on a Medicaid claim by the copayment that is collected from a Medicaid member. Each claim that

requires a co-payment will have the co-payment *automatically deducted* from the final payment when the claim is approved for payment.

➤ Providers can't offer gifts or cash per SSA § 1128A (a)(5), Title 18 NYCRR § 515.2, and Rules of the Board of Regents § 29.1. It is not permissible for providers to:

- make offers where it is likely to influence the enrollee's selection of a provider of Medicaid items or services. Note: NYRx allows for the provision of an item or device to a NYRx member or enrollee which is directly related to the administration of medication for that person (e.g. medicine cup, dosing spoons, or pill organizer).
- proactively waive copays. Copays may be waived only as provided on a case-by-case basis per the financial need by request of the individual member or enrollee.

Medicaid Co-payments:

- Some Medicaid members become eligible for Medicaid by spending part of their monthly income on medical care. Since co-payments paid or incurred can be used toward satisfying the spend-down (overage) in the following month, itemized bills or receipts for co-payments should be provided to members when requested.
- There is a maximum amount per Medicaid member for all co-payments incurred per year and is calculated on a quarterly basis. The co-payment year starts April 1 and ends March 31.
When a member reaches the quarterly co-pay maximum, they will receive a letter confirming the date on which the co-pay maximum was met and exempting the member from a co-payment until the end of the current co-payment quarter.
- Co-payment amounts are as follows:
 - \$3.00 for non-preferred Brand Name Drugs;
 - \$1.00 for Generic Drugs, preferred Brand Name Drugs, and Brand Drugs included in the Brand Less Than Generic Drugs Program;
 - \$0.50 for Non-Prescription (over the counter) Drugs;
 - \$1.00 for Medical/Sickroom Supplies.
- Co-payment is not required for certain members and service categories which include:
 - Family planning (birth control) services including birth control pills, emergency contraception, and condoms;
 - FDA-approved drugs to treat tuberculosis;
 - FDA-approved drugs to treat mental illness (psychotropic drugs);

- Medicaid members younger than 21 years old;
- Medicaid members during pregnancy and for the two months after the month in which the pregnancy ends;
- Residents of Adult Care Facilities licensed by the New York State Department of Health (DOH);
- Residents of nursing homes;
- Residents of Intermediate Care Facilities for the Developmentally Disabled (ICF/DD);
- Residents of Office of Mental Health (OMH) or Office of Persons with Developmental Disabilities (OPWDD) certified residences;
- Members in Comprehensive Medicaid Case Management (CMCM) or Service Coordination Programs;
- Members in OMH or OPWDD Home and Community Based Services (HCBS) Waiver Programs; and
- Members in a DOH HCBS Waiver Program for Persons with Traumatic Brain Injury (TBI).
- Members with incomes below 100 percent of the federal poverty level.
- Members in Hospice
- American Indians and Alaska Natives who have ever received a service from the Indian Health Service, tribal health programs or under contract health services referral.

Section V - Utilization Management Programs

Eligibility

Pharmacy providers of Medicaid services are required to verify the eligibility of the Medicaid member. There are two methods available for utilization:

- 1) The Automated Response Unit (ARU or telephone);
- 2) The ePACES web-based application.

These systems enable pharmacy providers to quickly verify eligibility and facilitate electronic submission of claims.

Recipient Restriction Program (RRP)

Medicaid members who have been assigned to a designated pharmacy are required to receive all pharmacy services from the selected pharmacy provider. All claims from other pharmacies will be denied. Medicaid members who are restricted to a primary Durable Medical Equipment (DME) dealer must receive all DME and prosthetic and orthotic appliances from the DME provider.

All primary pharmacy providers must maintain a patient profile for each restricted Medicaid member. The profile must contain, at a minimum, the member's name, and the date the drugs or supplies were dispensed. These profiles must be made readily available to the New York State Department of Health or its agents, upon request.

When a Medicaid member is restricted to an ordering practitioner (physician, clinic, inpatient hospital and/ or dentist), all pharmacy services must be ordered by the primary medical provider (clinic or MD) with the Medicaid member's restriction type.

A primary physician or primary clinic is responsible for providing all medical care to the restricted recipient, either directly or through referral of such recipient to another medical provider for appropriate services. If the primary provider refers the Medicaid restricted recipient to another provider for services, the primary provider's Medicaid identification number must be used in the referring field in order to bill for those services. **When dispensing medications prescribed by the 'referred' provider, the pharmacy must enter the primary provider's Medicaid identification number in the referring field in the pharmacy claim.**

Medicaid members may have durable medical equipment restrictions separate from pharmacy restrictions.

Utilization Threshold

The Utilization Threshold Program (UT) is a post payment review of services and procedures provided to members that evaluates medical necessity while maintaining fiscal responsibility to the Medicaid Program. For additional information please see the General Providers Policy Manual at:

https://www.emedny.org/ProviderManuals/AllProviders/PDFS/Information_for_All_Providers-General_Policy.pdf

Pharmaceutical Management Programs

Overview

Drug Utilization Review (DUR) programs are intended to assure that prescriptions for outpatient drugs are appropriate, medically necessary and not likely to result in adverse medical consequences. DUR programs help to ensure that the patient receives the proper medicine at the right time in the correct dose and dosage form.

The benefits of DUR programs may include reduced Medicaid costs, reduced hospital admissions, improved health for Medicaid members, increased coordination of health care services, and reduced drug diversion. Information supplied to Medicaid pharmacy

providers through the DUR programs may enhance their ability to prescribe and dispense medication more appropriately.

The federal legislation requiring states to implement DUR programs also requires states to establish DUR Boards whose function is to play a major role in each state's DUR program. The Department of Health contains a DUR Board comprised of health care professionals with recognized knowledge and expertise appointed by the Commissioner. More information regarding the DUR Board and Program may be found here: https://www.health.ny.gov/health_care/medicaid/program/dur/.

The two components of New York State's DUR program are Retrospective DUR (RetroDUR) and Prospective DUR (ProDUR). While the two programs work cooperatively, each seeks to achieve better patient care through different mechanisms.

Each of these programs is described in detail below.

RetroDUR

The Department of Health manages a RetroDUR program for Medicaid members. The RetroDUR program is designed to educate physicians by targeting prescribing patterns which need to be improved. Under RetroDUR, a review is performed subsequent to the dispensing of the medication.

The primary goal of RetroDUR is to educate prescribers and pharmacists through alert letters which are sent to providers detailing potential drug therapy problems due to therapeutic duplication, drug-disease contraindications, drug-drug interactions, incorrect drug dosage or duration of drug treatment, drug allergy interactions and clinical abuse/misuse.

- It is expected that providers who receive alert letters identifying a potential problem relating to prescription drugs will take the appropriate corrective action to resolve the problem.

ProDUR

Medicaid enrolled pharmacies are required to perform in-house prospective drug utilization reviews. The Department of Health oversees a ProDUR program through the Medicaid Eligibility Verification System (MEVS). The point-of-sale system allows pharmacists to perform on-line, real-time eligibility verifications, Electronic Claims Capture and Adjudication (ECCA) and offers protection to Medicaid members in the form of point-of-sale prevention against drug-induced illnesses.

The ProDUR/ECCA system maintains an on-line record of every Medicaid member's drug history for at least a 90-day period. The pharmacist enters information regarding

each prescription and that information is automatically compared against previously dispensed drugs, checking for any duplicate prescriptions, drug to drug contraindications, over and under dosage and drug to disease alerts, among other checks.

In the event that this verification process detects a potential problem, the pharmacist will receive an on-line warning or rejection message. The pharmacist can then take the appropriate action; for example, contacting the prescribing physician to discuss the matter. The outcome might be not dispensing the drug, reducing the dosage, or changing to a different medication.

The ProDUR Program is administered by the Department's fiscal intermediary or its subcontractor. Use of the online DUR functions via MEVS by pharmacy providers, including those providers that are rate-based, is **mandatory**. Pharmacy providers are required to use personal computers or central processing units to access the online system either independently or through a switch company. Any data entered by the pharmacy provider is processed, including checking eligibility, third-party coverage, Utilization Threshold and Medicaid Recipient Restriction Program status before being passed to the DUR system.

The DUR system utilizes National Council on Prescription Drug Program (NCPDP) version D.O. NCPDP responses alert pharmacy providers to the type of drug interaction, drug/disease conflict, therapeutic duplication or over-utilization problems, and the most recent fill dates for the potentially hazardous drug. A maximum of nine different codes/drug interactions per prescription per entry may be sequentially displayed for up to four prescriptions per entry. All of the DUR messages are specified by the State DUR Board which is composed of doctors, pharmacists, and DUR experts in concert with the drug information contractors.

ProDUR Claims Submission

Pharmacy providers can submit most claims directly via the electronic claims adjudication system that was developed for the ProDUR system. If claim capture and adjudication is selected, the claim will be processed for eligibility verification, ProDUR, Utilization Threshold and, if requested, Dispensing Validation System (DVS). If approved, the claim will be fully adjudicated and paid. For claims over 90 days from the date of service, a "non-captured" transaction may be submitted for eligibility verification, but the claim must be submitted on a paper claim form or via electronic batch. See more about timely filing here:

https://www.emedny.org/HIPAA/QuickRefDocs/FOD-7001_Sub_Claims_Over_90_days_Old.pdf.

Certification for ProDUR/ECCA

All Medicaid pharmacy providers are required to perform on-line prospective drug utilization review. Submitting claims via Electronic Claims Capture and Adjudication (ECCA) is optional. Under ProDUR, all pharmacies must enter their transaction using the NCPDP formats via one of the MEVS access methods. NCPDP format specifications can be found at:

https://www.emedny.org/ProviderManuals/Pharmacy/ProDUR-ECCA_Provider_Manual/

PLEASE CONSULT THE MEVS DUR USER MANUAL FOR SPECIFIC INFORMATION RELATING TO PRODUR, ELECTRONIC CLAIMS CAPTURE AND ADJUDICATION SUBMISSION AND MEVS ACCESS METHODS.

Section VI – Definitions

The following terms are defined for the purposes of the NY Medicaid program and are included to help clarify policies as provided in this Manual:

340B Ceiling Price

The 340B ceiling price is statutorily defined as the Average Manufacturer Price (AMP) reduced by the rebate percentage, which is commonly referred to as the Unit Rebate Amount (URA). HRSA obtains the AMP and URA data from the Centers for Medicare and Medicaid Services (CMS) as part of quarterly reporting for the Medicaid Drug Rebate Program. This figure is then multiplied by the package size and case package size to produce a price that is used in the marketplace for purchasing covered outpatient drugs. For example, the AMP minus the URA indicates the cost of one pill.

Actual Acquisition Cost

Refers to the price paid by the Covered Agency for a 340B purchased drug with no added costs, delivery fees or dispensing fees, or, means the agency's determination of the pharmacy providers' actual prices paid to acquire drug products marketed or sold by specific manufacturers.

Bioavailability

The rate and extent to which the active ingredient or active moiety is absorbed from a drug product and becomes available at the site of action. For drug products that are not intended to be absorbed into the bloodstream, bioavailability may be assessed by measurements intended to reflect the rate and extent to which the active ingredient or active moiety becomes available at the site of action.

Bioequivalence

Bioequivalence is the pharmaceutical equivalent or pharmaceutical alternative products that display comparable bioavailability when studied under similar experimental conditions.

Covered Outpatient Drug

Covered outpatient drug means, of those drugs which are treated as a prescribed drug for the purposes of section 1905(a)(12) of the Social Security Act and are approved for safety and effectiveness as a prescription drug under the federal Food, Drug and Cosmetic Act, which is used for a medically accepted indication. (See 42 CFR Section 447.502)

Dose

The exact amount of medication to be taken at one time or at stated intervals according to the prescriber's directions.

Electronic Prescription

As per New York State Education Law 6802 an electronic prescription is created, recorded or stored by electronic means; issued and validated with an electronic signature; and transmitted by electronic means directly from the prescriber to a pharmacist.

Federal Upper Limit

CMS establishes and issues listings that identify and set upper limits for multiple source drugs available for purchase by retail community pharmacies on a nationwide basis for which the FDA has rated at least three drug products as pharmaceutically and therapeutically equivalent. Payment for these drugs must not exceed, in the aggregate, a reasonable dispensing fee plus an amount that is no less than 175 percent of the weighted Average Manufacturer Price (AMP).

Fiscal Order

A fiscal order is a request written by a NY Medicaid Enrolled Provider to provide non-prescription drugs or medical/surgical supplies electronically prescribed or written on an Official NYS Prescription form.

General Public

The general public is defined as the group accounting for the largest number of non-Medicaid transactions from the individual pharmacy and does not include other third-party payers.

Generic Equivalent

A generic equivalent drug product is one which:

- Has been certified or approved by the FDA as being safe and effective for its labeled indications for use, and a new-drug application or an abbreviated new drug application is held; and
- The FDA has evaluated such drug product as pharmaceutically and therapeutically equivalent and has listed such drug product on the list of approved drug products with the therapeutic equivalence evaluations.

Labeler

Any entity which is engaged in the production, preparation, propagation, compounding, conversion, or processing of prescription drug products, either directly or indirectly by extraction from substances of natural origin, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, or in the packaging, repackaging, labeling, re-labeling, or distribution of prescription drug products.

Such term does not include a wholesale distributor of drugs, or a retail pharmacy licensed under State law.

Labeler is the entity holding legal title to or possession of the NDC number for the covered outpatient drug.

Medical and Surgical Supplies

Medical and surgical supplies include items for medical use other than drugs including prosthetic/orthotic appliances, durable medical equipment and orthopedic footwear.

These items are used to treat a specific medical condition and are usually consumable, non-reusable, disposable, for a specific purpose rather than incidental and generally have no salvageable value.

Medical and surgical supplies must be dispensed by a NY Medicaid enrolled provider who is licensed/registered by the appropriate authority, if existing, in the state in which the provider is located and in NY.

Medical/surgical supplies do not include items and supplies that are useful to persons in the absence of an illness or injury or that are primarily used to service needs other than health needs.

Multiple Source Drug

Multiple source drugs are pharmaceutically equivalent and shown to meet an appropriate standard of bioequivalence.

NADAC

The National Average Drug Acquisition Cost for Medicaid covered outpatient drugs as calculated by the Centers for Medicare and Medicaid Services (CMS).

New York State List of Medicaid Reimbursable Drugs

A list consisting of the prescription and non-prescription drugs for which Medicaid will reimburse the enrolled pharmacy provider. This is available online at: <https://www.emedny.org/info/fullform.pdf>

Non-Prescription Drug

A non-prescription drug, also known as an OTC drug, is that for which no prescription is required by NY State Education law or regulation.

Non-prescription drugs may be obtained in the Medicaid Program only upon an original fiscal order (either e-prescribed or written on ONYSRx form) from a prescriber.

Original Order

A prescription or fiscal order, received in written or electronic format, that is executed in accordance with all applicable State and federal laws or regulation; can also be known as a hard copy or follow up if written in response to an oral or faxed order.

Pharmaceutical Equivalent

The pharmaceutical equivalent is a drug product which contains the same active ingredient(s), are of the same dosage form, route of administration and are identical in strength or dosage form, or concentration.

Pharmaceutically equivalent drug products are formulated to contain the same amount of active ingredient in the same dosage form and to meet the same compendial or other applicable standards (i.e.; strength, quality, purity, and identity), but they may differ in characteristics such as shape, scoring configuration, release mechanisms, packaging, excipients (including colors, flavors, preservatives), expiration time and within certain limits, labeling.

Prescribing Practitioner

A prescribing practitioner includes the following who are actively NY licensed, and NY Medicaid enrolled:

- Physicians,
- Certified Nurse Practitioners,
- Midwives,
- Dentists,
- Podiatrists,
- Registered Physician Assistants, or
- New York State Education Department-certified optometrists licensed by law and currently registered to prescribe prescription drugs.

Unlicensed interns and residents may prescribe drugs (under the supervision of a licensed physician or dentist) as part of their official duties as members of a hospital staff. The Medicaid enrolled attending/supervising physician's name and NPI number must be provided on all prescriptions written by the unlicensed intern or resident.

Prescription Drug

A prescription drug includes any drug for which a prescription from a qualified licensed practitioner is required under New York State Education Law.

Prescription drugs are subject to the requirements of the Federal Food, Drug and Cosmetic Act and those stipulated by the State Commissioner of Health.

All controlled substances are prescription drugs.

Single Source Drug

A single source drug is a drug which is produced or distributed under an original new drug application approved by the FDA, including a drug product marketed by any cross licensed producers or distributors operating under the new drug application.

This product is not generic, nor is it available as a generic.

State Maximum Acquisition Cost

This is a reimbursement amount established for any drug for which two or more A-rated therapeutically equivalent, multi-source, non-innovator drugs with a significant cost difference exist.

The State Maximum Acquisition Cost (SMAC) will be determined taking into account drug price status, marketplace status, equivalency rating, and relative comparable pricing.

Therapeutic Equivalent

A drug product which is expected to have the same clinical effect and safety profile when administered to patients under the conditions specified in the labeling.

Usual and Customary Charge

This is the price a pharmacy charges to the general public.