



# Medicaid Update

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## Medicaid Pharmacy Carve-Out Special Edition – Part One

### Important:

The State Fiscal Year (SFY) 2021-22 enacted budget delays the transition of the Medicaid Pharmacy benefit to the Medicaid Fee-for-Service (FFS) Pharmacy Program by two years, until **April 1, 2023**.

This publication provides information regarding the Medicaid Pharmacy Carve-Out, a Medicaid Redesign Team (MRT) II initiative to transition the pharmacy benefit from managed care to the Medicaid Fee-for-Service (FFS) Pharmacy Program. It contains general information regarding New York State's (NYS) transition strategy and other important facts that will assist providers in transitioning members to the FFS Pharmacy Program. Future Medicaid Update articles will provide additional details and guidance. More detailed information is available and regularly updated on the [Pharmacy Carve-Out web page](#).

### General Information

**Effective April 1, 2021**, Medicaid members enrolled in mainstream Managed Care (MC) plans, Health and Recovery Plans (HARPs), and HIV-Special Needs Plan (SNPs) will receive their pharmacy benefits through the Medicaid FFS Pharmacy Program instead of through their Medicaid MC plan as they do now. The Pharmacy Carve-Out **does not** apply to members enrolled in Managed Long-Term Care plans (e.g., MLTC, PACE and MAP), the Essential Plan, or Child Health Plus (CHP). Transitioning the pharmacy benefit from MC to FFS will provide the State with full visibility into prescription drug costs, allow centralization of the benefit, leverage negotiation power, and provide a single drug formulary with standardized utilization management protocols simplifying and streamlining the drug benefit for Medicaid members.

### Scope of Benefits

The FFS Pharmacy Carve-Out **will not** change the scope (e.g. copayments, covered drugs, etc.) of the existing Medicaid Pharmacy benefit, which includes:

- Covered outpatient prescription and over-the-counter (OTC) drugs that are listed on the [Medicaid Pharmacy List of Reimbursable Drugs](#);
- Pharmacist administered vaccines and supplies listed in the [Pharmacy Procedures and Supply Codes document](#), such as enteral and parenteral nutrition, family planning, and medical/surgical supplies.

The complete list of items subject to the Pharmacy Benefit Carve-Out can be reviewed in the [Carve-Out Scope web page](#). **Please Note:** Physician administered (J-Code) drugs that are not listed on the [Medicaid Pharmacy List of Reimbursable Drugs](#) and [durable medical equipment, prosthetics, orthotics, and supplies \(DMEPOS\)](#) as listed in sections 4.4, 4.5, 4.6, and 4.7 of the [Durable Medical Equipment, Prosthetics and Supplies Manual](#) are **not** subject to the carve-out. These items will remain the responsibility of the MC Plans.

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**Effective April 1, 2021**, the following Medicaid Pharmacy FFS Programs will also apply to Medicaid managed care members:

- **Preferred Drug Program (PDP)**

This program promotes the use of less expensive, equally effective prescription drugs when medically appropriate. All drugs currently covered by Medicaid remain available under the PDP and the determination of preferred and non-preferred drugs does not prohibit a prescriber from obtaining any of the medications covered under Medicaid. The [Drug Utilization Review Board \(DURB\)](#) reviews drug classes and makes recommendations to the Commissioner of Health regarding the selection of preferred and non-preferred drugs within certain drug classes.

- **Brand Less Than Generic Program (BLTG)**

This program is a cost containment initiative which promotes the use of certain multi-source brand name drugs when the cost of the brand name drug is less expensive to the State, than the generic equivalent.

- **Clinical Drug Review Program (CDRP)**

This program is aimed at ensuring specific drugs are utilized in a medically appropriate manner. Under the CDRP, certain drugs require prior authorization because there may be specific safety issues, public health concerns, the potential for fraud and abuse or the potential for significant overuse and misuse.

- **Drug Utilization Review (DUR) Program**

This program helps to ensure that prescriptions for outpatient drugs are appropriate, medically necessary, and not likely to result in adverse medical consequences. DUR programs use professional medical protocols and computer technology and data processing to assist in the management of data regarding the prescribing of medicines and the dispensing of prescriptions over periods of time.

- **Mandatory Generic Drug Program (MGDP)**

This program requires prior authorization for brand-name prescriptions with an A-rated generic equivalent. State law excludes Medicaid coverage of brand name drugs that have a Federal Food and Drug Administration (FDA) approved A-rated generic equivalent, unless a prior authorization is obtained. Drugs subject to the PDP and/or the BLTG Program are not subject to the Mandatory Generic Program.

- **Dose Optimization Program**

This program can reduce prescription costs by reducing the number of pills a patient needs to take each day. The Department has identified the drugs that are included in this program, the majority of which have FDA approval for once-a-day dosing, have multiple strengths available in correlating increments at similar costs and are currently being utilized above the recommended dosing frequency.

- **Preferred Diabetic Supply Program (PDSP)**

The NYS Medicaid Program participates in a Preferred Diabetic Supply Program (PDSP) to provide NYS Medicaid enrollees access to quality glucose meters and test strips, while at the same time reducing overall program costs.

## **Transition Strategy:**

- **Stakeholder Engagement:** The NYS Department of Health (the Department) has been conducting monthly meetings with all interested stakeholders since July 2020. The purpose of the meetings is to provide implementation updates, facilitate a Q&A session, and to incorporate feedback received from sessions into the workplan.
- **Data Analytics:** The Department is analyzing managed care claims by program area to inform transition strategy. [Slides 12 and 13](#) of the October 19, 2020 *All Stakeholder* presentation provide details regarding this analysis and the transition strategy that will be used to ensure continued access to medications.
- **Transition Period:** Between April 1, 2021 and June 30, 2021, members will be able to obtain a one-time fill for medications that are non-preferred in FFS without the normal prior authorization requirement. This will allow additional time for prescribers to switch members to an FFS preferred medication (no prior authorization required) or obtain a prior authorization for the non-preferred medication.
- **Prior Authorization (PA):**
  - PAs for drugs previously authorized by MC plans will be recognized/honored by the FFS program following the Carve-Out. The MC plans will share with the Department the PAs that have been previously approved.
  - No PA will be required when FFS PA requirements (e.g. correct diagnosis) are met, according to the member's managed care claims history.
- **Communication:** Communication about the transition of the pharmacy benefit to FFS will be made by both the Department and the MC Plans and will be accomplished through a variety of methods including general and targeted communications and *Medicaid Update* articles. Additional information regarding these communications and their timing can be found within the [Transition and Communications Activities Timeline document](#).

## **Information for Pharmacies**

### **Enrollment**

Please refer to the [October 2020 Medicaid Update](#) article titled *Attention: Pharmacies Durable Medical Equipment, Prosthetics, Orthotics, and Supply Providers, and Prescribers That are Not Enrolled in Medicaid Fee-for-Service*. Pharmacies that are not enrolled in the FFS programs as billing providers must enroll, in order to continue to serve Medicaid Managed Care members. Instructions for checking enrollment status, and enrollment tips can be found in this article.

### **Billing Changes**

- **Member Identification Number:** Beginning April 1, 2021. Pharmacies will bill the Medicaid FFS Program using the Client Identification Number (CIN), which can be found on both the FFS Client Benefit Identification Card (CBIC) or the member's MC plan card.
  - The Client Identification Number or CIN is a unique number assigned to each Medicaid members. This number is used by the pharmacy to submit pharmacy claims to Medicaid FFS. All Medicaid members are assigned a CIN even if they are enrolled in a Medicaid managed care (MMC) plan. The CIN is located on all member cards including MMC plan cards. On some MMC cards it is referred to as *CIN*, however other MMC cards may identify it as *Program ID*, *Member ID*, or *ID#*. While in some cases it may be embedded into a longer number the CIN is always represented in this format: **“AA11111A”**.
  - For assistance locating the CIN on an MMC plan card, please visit the [NYS Pharmacy Benefit Information Center](#) website. From the Homepage, providers can select a plan to display an image of the plan card and where the CIN is located.
- **Bank Identification Number (BIN) and Processor Control Number (PCN):** For submitting FFS claims to Medicaid via NCPDP D.0, the BIN number is required in field 101-A1 and is **“004740”**. The PCN (Processor Control Number) is required to be submitted in field 104-A4. The PCN has two formats, which are comprised of 10 characters:

- First format for 3-digit Electronic Transaction Identification Number (ETIN):
  - "Y"- (Yes, read Certification statement) -(1)
  - Pharmacists Initials- (2)
  - Provider PIN Number- (4)
  - 3-digit ETIN- (Electronic Transaction Identification Number)- (3)
- Second format for 4-digit ETIN:
  - Pharmacist Initials- (2)
  - Provider PIN Number- (4)
  - 4-digit ETIN- (Electronic Transaction Identification Number)- (4)

## **Eligibility Determination**

Information regarding methods to determine a Medicaid member's eligibility will be included in a subsequent *Medicaid Update* article.

## **Information for Prescribers**

### **Enrollment**

Please refer to the [October 2020 Medicaid Update](#) article titled *Attention: Pharmacies Durable Medical Equipment, Prosthetics, Orthotics, and Supply Providers, and Prescribers That are Not Enrolled in Medicaid Fee-for-Service*. Prescribers that are not enrolled in the FFS program must enroll, in order to continue to serve Medicaid Managed Care. Instructions for checking enrollment status, and enrollment tips can be found in this article.

### **Prior Authorization**

Prescribers should review the [Preferred Drug List \(PDL\)](#), which contains a full listing of drugs/classes subject to the NYS State Medicaid FFS Pharmacy Programs and additional information on clinical criteria prior to April 1, 2021. Prescribers may either switch members to a preferred product or may obtain a PA for a non-preferred product. See below for instructions on requesting a PA or refer to the [PDP web page](#).

- To initiate the PA process, the prescriber must call the PA call center at (877) 309-9493 and select option "1" for *prescriber*. The call center is operational 24 hours a day, seven days per week.
- Fax requests are permitted for most drugs. Completed PA forms should be sent to (800) 268-2990. Fax requests may take up to 24 hours to process. [PA forms and references](#) are available on the webpage.
- Billing questions should be directed to (800) 343-9000.
- Clinical concerns or PDP questions should be directed to (877) 309-9493 or visit the [NYS Medicaid Pharmacy Programs page](#).
- Medicaid pharmacy policy and operations questions should be directed to (518) 486-3209.

## **Information for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Providers**

### **Enrollment**

Please refer to the [October 2020 Medicaid Update](#) article titled *Attention: Pharmacies Durable Medical Equipment, Prosthetics, Orthotics, and Supply Providers, and Prescribers That are Not Enrolled in Medicaid Fee-for-Service*. DMEPOS providers that are not enrolled in the FFS program must enroll as billing providers in order to continue to serve Medicaid Managed Care. Instructions for checking enrollment status, and enrollment tips can be found in this article.

### **Supplies**

Supplies listed in the [Pharmacy Procedures and Supply Codes](#), such as enteral and parenteral nutrition, family planning and medical/surgical supplies are subject to the Pharmacy Carve-Out. Items that will remain the responsibility of the MC plans include durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) as listed in Sections 4.4, 4.5, 4.6, and 4.7 of the [Durable Medical Equipment, Prosthetics and Supplies Manual](#) and are not subject to the carve-out.

## **References and Links:**

- [Pharmacy Carve-Out and Frequently Asked Questions \(FAQs\)](#)
- [Medicaid Pharmacy Program](#)
- [Pharmacy Manual](#)
- Outpatient Prescription Drugs: [Medicaid Pharmacy List of Reimbursable Drugs](#)
- [Supplies Covered Under the Pharmacy Benefit](#)
- [Medicaid Preferred Diabetic Supply Program](#)
- [FFS Preferred Drug List](#)
- [Drug Utilization Review Board \(DURB\)](#)
- [NYS Medicaid Program Pharmacists As Immunizers Fact Sheet](#)
- [Member Rights](#)

## **Additional Resources:**

- All questions regarding the Pharmacy Carve-Out should be emailed to [PPNO@health.ny.gov](mailto:PPNO@health.ny.gov). **Please include “Carve-Out” in the subject line.**
- Providers interested in receiving MRT email alerts, visit the [MRT LISTSERV web page](#) to subscribe.

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# Provider Directory

## Office of the Medicaid Inspector General:

For suspected fraud or abuse complaints/allegations, call 1-877-87FRAUD, (877) 873-7283, or visit [Office of Medicaid Inspector General \(OMIG\) web site](#).

## Provider Manuals/Companion Guides, Enrollment Information/Forms/Training Schedules:

Please visit the [eMedNY website](#).

## Providers wishing to listen to the current week's check/EFT amounts:

Please call (866) 307-5549 (available Thursday PM for one week for the current week's amount).

## For questions about billing and performing MEVS transactions:

Please call the eMedNY Call Center at (800) 343-9000.

## Provider Training:

Please enroll online for a [provider seminar](#). For individual training requests, call (800) 343-9000.

## Beneficiary Eligibility:

Call the Touchtone Telephone Verification System at (800) 997-1111.

## Medicaid Prescriber Education Program:

For current information on best practices in pharmacotherapy, please visit the following websites:

- [DOH Prescriber Education Program page](#)
- [Prescriber Education Program in partnership with SUNY](#)

## eMedNY

For a number of services, including: change of address, updating an enrollment file due to an ownership change, enrolling another NPI, or revalidating an existing enrollment, please visit [eMedNY's Provider Enrollment page](#) and choose the appropriate link based on provider type.

## NY Medicaid Electronic Health Record (EHR) Incentive Program

Contact the New York Medicaid EHR Call Center at (877) 646-5410 for assistance.

## Comments and Suggestions Regarding This Publication

Please contact the editor, Angela Lince, at [medicaidupdate@health.ny.gov](mailto:medicaidupdate@health.ny.gov).