



State of New Jersey

DEPARTMENT OF HUMAN SERVICES
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES
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MEDICAID COMMUNICATION NO. 03-15

DATE: August 15, 2003

TO: County Welfare Agency Directors
Statewide Eligibility Determination Agency
Institutional Services Section Supervisors

SUBJECT: Mandatory Generic Substitution of Brand-Name Multi-Source Drugs

BACKGROUND: Current regulations for the NJ FamilyCare, Medicaid fee-for-service (FFS), and PAAD/Senior Gold programs require that prescribers indicate authorization for brand-name drug dispensing by initialing the phrase "Do Not Substitute" for non-Maximum Allowable Cost (non-MAC) drugs, or writing the phrase "Brand Medically Necessary" for MAC drugs on the prescription. This authorization allows providers of pharmaceutical services to bill the cost of the brand-name multi-source drug.

In accordance with the State Fiscal Year (SFY) 2004 Appropriations Act, the prescribing and dispensing of brand-name multi-source drugs for Work First New Jersey/General Assistance (WFNJ/GA), Medicaid/NJ FamilyCare (NJFC), Pharmaceutical Assistance to the Aged and Disabled (PAAD), Senior Gold (SG), and AIDS Drug Distribution Program (ADDP), FFS pharmacy claims with service dates on or after July 8, 2003 require prior authorization from the New Jersey Division of Medical Assistance and Health Services (DMAHS) or the New Jersey Department of Health and Senior Services (DHSS).

SERVICE CHANGES:

1. Prescriptions dispensed for brand-name multi-source drugs without prior authorization **with service dates on or after July 8, 2003 and prior to September 1, 2003**, will not be denied payment by the State.
2. Prescriptions dispensed for brand-name multi-source drugs **with service dates on or after September 1, 2003 for NJFC, Medicaid, WFNJ/GA, PAAD, SG, and ADDP FFS beneficiaries shall require prior authorization.** Only a licensed practitioner, not a pharmacist, may request prior authorization for the prescribing of a medically necessary brand-name multi-source drug.

EXCEPTIONS:

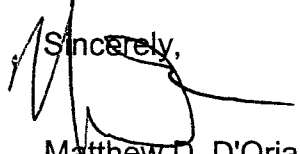
1. Payments for brand-name multi-source drugs determined less costly than generic drugs shall not require prior authorization from DMAHS and/or DHSS.
2. Providers of pharmaceutical services may dispense up to a ten (10) day supply of a brand-name multi-source drug without prior authorization. This exception is intended to provide a beneficiary the opportunity to discuss brand-name multi-source drug use with his/her prescribing practitioner and for the practitioner to request prior authorization.
3. The following drugs are exempt from prior authorization for brand-name multi-source drug dispensing:
 - Atypical Antipsychotics
 - AIDS/HIV Drugs
 - Anticonvulsants
 - Digoxin
 - Warfarin
 - Cyclosporin
 - Levothyroxine
 - Theophylline
 - Lithium Carbonate
 - Hormone Replacement Therapy

BENEFICIARY NOTIFICATION:

FFS beneficiaries will receive written notice of the above service changes. The card message indicated below appeared on the Medicaid/NJ FamilyCare cards generated for the months of August, September, October and November 2003.

"On September 1, 2003, new rules in NJ FamilyCare/ Medicaid program will apply to beneficiaries not enrolled in managed care. These rules will require your doctor to request authorization from the State before prescribing a brand drug when the generic drug can be used. Your doctor must provide an authorization number with your prescription. Without this number, your pharmacy may only dispense up to a 10-day supply of brand drug until authorization is received by your doctor. Pharmacies and doctors were informed about certain exceptions to these new rules. If the drug(s) you are using is an exception, your doctor will not need to request authorization from the State. This policy will not effect your ability to receive necessary drugs or decisions made by your doctor when choosing the best drug for your care. If you have any questions, contact First Health Services at 1-877-266-3589."

We appreciate your continued support in serving our mutual beneficiaries and your continued cooperation. Attached for your reference are Division of Medical Assistance and Health Services' Newsletters Volume 13, Numbers 49 and 50. If you have any questions, please contact the DMAHS Bureau of Eligibility Policy field staff assigned to your county at (609) 588-2556.

Sincerely,

Matthew D. D'Oria
Acting Director

MDD:e

Attachments

C: Clifton R. Lacy, M.D., Commissioner
Susan Reinhard, Senior Policy Advisor
Department of Health and Senior Services

Jeanette Page-Hawkins, Acting Director
Division of Family Development

Edward Cotton, Director
Division of Youth and Family Services

James Smith, Director
Division of Developmental Disabilities



NEWSLETTER

Volume 13 No. 49

July 2003

TO: Providers of Pharmaceutical Services - **For Action:**
Physicians, Nurse Practitioners, Podiatrists, Dentists, Optometrists
and Health Maintenance Organizations - **For Information Only**

SUBJECT: Mandatory Generic Substitution of Brand-Name Multi-Source Drugs

EFFECTIVE: Pharmacy Claims with service dates on or after July 8, 2003

PURPOSE: To notify providers of fee-for-service (FFS) pharmaceutical services of a change in State policy concerning prescription coverage of brand-name multi-source drugs that may be substituted generically. Prior authorization requested by the prescribing practitioner will be required for a brand-name multi-source drug to be prescribed and/or dispensed to a Work First New Jersey (WFNJ)/General Assistance (GA), NJ FamilyCare/Medicaid, Pharmaceutical Assistance to the Aged and Disabled (PAAD), Senior Gold (SG), and AIDS Drug Distribution Program (ADDP) beneficiary.

BACKGROUND: Current NJFC/Medicaid FFS regulations at N.J.A.C. 10:51-1.20 and N.J.A.C. 10:51-2.17 and PAAD/SG regulations at N.J.A.C. 8:83C-1.19 and N.J.A.C. 8:83E-1.19 require that prescribers indicate authorization for brand-name drug dispensing by initialing the phrase "Do Not Substitute" for non-Maximum Allowable Cost (non-MAC) drugs or writing the phrase "Brand Medically Necessary" for MAC drugs on the prescription. This authorization allows providers of pharmaceutical services to bill the cost of the brand-name multi-source drug to the State for payment consideration.

In accordance with the State Fiscal Year (SFY) 2004 Appropriations Act, the prescribing and dispensing of brand-name multi-source drugs for Work First New Jersey /General Assistance (WFNJ/GA), NJ FamilyCare/Medicaid, Pharmaceutical Assistance to the Aged and Disabled (PAAD), Senior Gold (SG), and AIDS Drug Distribution Program (ADDP) FFS pharmacy claims with service dates on or after July 8, 2003 require prior authorization from the New Jersey Division of Medical Assistance and Health Services (DMAHS) or the New Jersey Department of Health and Senior Services (DHSS).

ACTION: Effective July 8, 2003, Work First New Jersey /General Assistance (WFNJ/GA), NJ FamilyCare/Medicaid, Pharmaceutical Assistance to the Aged and Disabled (PAAD), Senior Gold (SG), and AIDS Drug Distribution Program (ADDP) FFS payments for brand-name multi-source drugs shall require prior authorization. Implementation of this policy change shall proceed as follows:

1. For claims with service dates on or after July 8, 2003 and prior to September 1, 2003, claims for brand-name multi-source drugs dispensed without prior authorization will not be denied payment. During this period, Error Code 417, "Dispensing Brand Drug Requires PA," shall post to these claims as an informational message only. For this period, First Health will retrospectively contact the prescriber, explain the mandatory generic substitution policy, and discuss the prior authorization necessary for any future refills. On or after September 1, 2003, payments for these claims will be denied without prior authorization.
2. The following rules and conditions shall apply to claims with service dates on or after September 1, 2003 for brand-name multi-source drugs requiring prior authorization:
 - a) Payments for brand name drugs determined less costly than generic drugs shall not require prior authorization from DMAHS and/or DHSS.
 - b) This policy change for prescribing/dispensing a brand-name multi-source drug amends N.J.A.C. 10:51-1.20; N.J.A.C. 10:51-2.17, N.J.A.C. 8:83C-1.19 and N.J.A.C. 8:83E-1.19. With the exception of 2(a) above and exceptions listed in (c)2 below, payments for brand-name multi-source drugs for NJFC/Medicaid, WFNJ/GA, PAAD, SG, and ADDP FFS beneficiaries shall require prior authorization.
 - c) Prior authorization for dispensing the brand-name multi-source drug must be requested by the prescribing practitioner.

EXCEPTIONS:

- 1) Providers of pharmaceutical services may dispense up to a ten (10) day supply of a brand-name multi-source drug without prior authorization. This exception is intended to allow an opportunity for beneficiaries to discuss the need for a brand-name multi-source drug with their prescribing practitioner and for the practitioner to request prior authorization from First Health Services. It is anticipated that a one-time exception would be necessary for this process to be completed.

2) The following drugs are exempt from prior authorization for brand-name multi-source drug dispensing:

- Atypical Antipsychotics
- AIDS/HIV Drugs
- Anticonvulsants
- Digoxin
- Warfarin
- Cyclosporin
- Levothyroxine
- Theophylline
- Lithium Carbonate
- Hormone Replacement Therapy

d) Prior authorization for dispensing a brand-name multi-source drug must be requested from the First Health Services Corporation **by the prescribing practitioner**. First Health Services may be contacted at 1-877-888-2939 by the pharmacy to request information concerning the status of a prior authorization request. This information may be requested during normal business hours, which are: Monday from 7 A.M. to 7 P.M.; Tuesday through Friday from 8 A.M. to 7 P.M.; and Saturday from 9 A.M. to 1 P.M.

e) The prescribing practitioner must document the prior authorization number on the prescription or verbalize this number to the pharmacist when providing a telephone prescription.

f) When submitting a claim for a prior authorized brand-name multi-source drug, the pharmacist must report the prior authorization number assigned by First Health Services in the appropriate field in the electronic claim format or paper claim. Claims submitted for brand-name multi-source drugs without prior authorization will be denied payment by Error Code 417.

If you have any questions concerning this Newsletter, please do not hesitate to contact the Chief, Pharmaceutical Services, Division of Medical Assistance and Health Services, at (609) 588-2724, or First Health Services at (877) 888-2939.

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(BLUE TAB MARKED "5")**



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Div. of Medical Assistance & Health Services
& the N.J. Dept. of Health and Senior Services
Div. of Senior Benefits and Utilization
Management

NEWSLETTER

Volume 13 No. 50

July 2003

TO: Physicians, Nurse Practitioners, Podiatrists, Dentists, and
Optometrists - **For Action**
Health Maintenance Organizations - **For Information Only**

SUBJECT: Mandatory Generic Substitution of Brand-Name Multi-Source Drugs

EFFECTIVE: Prescription claims with service dates on or after July 8, 2003

PURPOSE: To notify all practitioners of a change in State policy concerning prescription coverage of brand-name multi-source drugs that may be substituted generically. A practitioner must request prior authorization from the State when prescribing a medically necessary brand-name multi-source drug for Work First New Jersey (WFNJ)/General Assistance (GA), NJ FamilyCare/Medicaid, Pharmaceutical Assistance to the Aged and Disabled (PAAD), Senior Gold (SG), and AIDS Drug Distribution Program (ADDP) beneficiaries.

BACKGROUND: Current NJFC/Medicaid FFS regulations require practitioners to indicate authorization for brand-name drug dispensing by initialing the phrase "Do Not Substitute" for non-Maximum Allowable Cost (non-MAC) drugs or writing the phrase "Brand Medically Necessary" for MAC drugs on the prescription. This authorization allows providers of pharmaceutical services to bill the cost of the brand-name multi-source drug to the State for payment consideration.

In accordance with the State Fiscal Year (SFY) 2004 Appropriations Act, the prescribing of medically necessary brand-name multi-source drugs for Work First New Jersey /General Assistance (WFNJ/GA), NJ FamilyCare/Medicaid, Pharmaceutical Assistance to the Aged and Disabled (PAAD), Senior Gold (SG), and AIDS Drug Distribution Program (ADDP) beneficiaries on or after July 8, 2003 shall require prior authorization from the New Jersey Division of Medical Assistance and Health Services (DMAHS) or the New Jersey Department of Health and Senior Services (DHSS).

ACTION: **Effective July 8, 2003**, practitioners are required to request prior authorization from the First Health Services Corporation, an agent for the New Jersey Division of Medical Assistance and Health Services (DMAHS) and the New Jersey Department of Health and Senior Services (DHSS), when prescribing a medically necessary brand-name multi-source drug for a Work First New Jersey /General Assistance (WFNJ/GA), NJ FamilyCare/Medicaid, Pharmaceutical Assistance to the Aged and Disabled (PAAD), Senior Gold (SG), and AIDS Drug Distribution Program (ADDP) beneficiary. Implementation of this policy change shall proceed as follows:

1. **Claims for prescriptions dispensed with service dates on or after July 8, 2003 and prior to September 1, 2003, for brand-name multi-source drugs without prior authorization will not be denied payment by the State. During this period, First Health Services will outreach practitioners to advise them of this policy change and identify prescriptions for brand-name multi-source drugs that will require prior authorization on or after September 1, 2003.**

2. **The following rules and conditions shall apply to prescriptions dispensed with service dates on or after September 1, 2003 for brand-name multi-source drugs requiring prior authorization:**

a) **Payments for brand-name drugs determined less costly than generic drugs shall not require prior authorization from DMAHS and/or DHSS.**

b) **This policy change for prescribing/dispensing a brand-name multi-source drug amends N.J.A.C. 10:54-8.2. With the exception of 2(a) above and exceptions listed in (c)2 below, payments for brand-name multi-source drugs for NJFC/Medicaid, WFNJ/GA, PAAD, SG, and ADDP FFS beneficiaries shall require prior authorization.**

c) **Only a licensed practitioner, not a pharmacist, may request prior authorization for the prescribing of a medically necessary brand-name multi-source drug.**

EXCEPTIONS:

1. **Providers of pharmaceutical services may dispense up to a ten (10) day supply of a brand-name multi-source drug without prior authorization. This exception is intended to provide a beneficiary the opportunity to discuss brand-name drug use with his/her prescribing practitioner and for the practitioner to request prior authorization from First Health Services. It is anticipated that a one-time exception would be necessary for this process to be completed.**

2. **The following drugs are exempt from prior authorization for brand-name multi-source drug dispensing:**

- Atypical Antipsychotics
- AIDS/HIV Drugs
- Anticonvulsants
- Digoxin
- Warfarin
- Cyclosporin
- Levothyroxine
- Theophylline
- Lithium Carbonate
- Hormone Replacement Therapy

d) **Practitioners must request prior authorization for prescribing a medically necessary brand-name multi-source drug from the First Health Services Corporation.**

e) First Health Services may be contacted on Monday from 7 A.M. to 7 P.M.; Tuesday through Friday from 8 A.M. to 7 P.M.; and Saturday from 9 A.M. to 1 P.M. at 1-877-888-2939. First Health clinical staff also provides on-call coverage outside normal business hours and can be contacted using the same toll-free number.

f) When requesting prior authorization, First Health Services may request the following information from a physician, certified nurse practitioner or clinical nurse specialist:

- Practitioner Name
- Practitioner Service Address
- Telephone Number
- State License Number
- Beneficiary Identification Number
- Drug Name and Strength
- Prescription Period
- Drug Quantity
- Diagnosis
- Justification for Brand-Name Drug Use

g) First Health Services will provide the practitioner a ten (10) digit prior authorization number for the prescribed service.

h) The prescribing practitioner must document the prior authorization number on the prescription or verbalize this number to the pharmacist when providing a telephone prescription.

i) When the pharmacy submits the claim for the authorized brand-name multi-source drug, the prior authorization number will be reported in the appropriate field in the electronic or paper pharmacy claim.

If you have any questions concerning this Newsletter, please do not hesitate to contact the Chief, Pharmaceutical Services, Division of Medical Assistance and Health Services, at (609) 588-2724, or First Health Services at (877) 888-2939.

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