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## Countdown to November 22, 2010

ACS State Healthcare, LLC (operating as the Texas Medicaid & Healthcare Partnership - Pharmacy, or TMHP-Pharmacy) will begin processing out-patient pharmacy claims through the Vendor Drug Program's new point-of-sale pharmacy claim system on **Monday, November 22, 2010, at 7:00:01 a.m.**

### What's changing on November 22?

- The **Bank Information Number** (BIN) (Field 1Ø1-A1) will change to "61ØØ84".
- The **Processor Control Numbers** (PCN) (Field 1Ø4-A4) will change to:
  - "DRTXPROD" for Medicaid, CHIP, and CSHCN claims.
  - "DRTXPRODKH" for KHC claims.
- Claims that currently reject for "**Refill Too Soon**" will now deny with NCPDP error code 79. Claims that currently reject for "**Excessive Quantity**" will now deny with NCPDP error code E7.
- Pharmacies will now enter a value of "1" (for "Substitution Not Allowed by Prescriber") in the **Dispense as Written** (DAW) field (4Ø8-D8) to override Maximum Allowable Cost (MAC) pricing on drugs. Vendor Drug will no longer accept "6" as a valid DAW value.
- **Turn to Page 3 to learn about changes in accessing your weekly payment files and how to sign up for our new online eligibility verification tool.**
- Pharmacies are encouraged to begin submitting "Prescription Origin Code" (Field 419-DJ) on all claim submissions in support for e-prescribing transactions.

### What's not changing?

- Pharmacies will continue to use National Council for Prescription Drug Programs (NCPDP) version 5.1 software for all billing (B1), reversal (B2), and eligibility verification (E1) transactions for Medicaid, Children's Health Insurance Program (CHIP), Children with Special Health Care Needs (CSHCN) Services Program, and Kidney Health Care (KHC) program claims.
- The changes do not affect Vendor Drug policy and program oversight, formulary management, the Texas Prior Authorization Call Center, or pharmacy customer services, including the Pharmacy Resolution Help Desk, regional offices, or contract management.
- The Vendor Drug Pharmacy Resolution Help Desk will be available to assist pharmacies with questions during the transition. Pharmacies should continue to call 1-800-435-4165 for assistance.

Further information about the new Vendor Drug claims system is available at [txvendordrug.com](http://txvendordrug.com), including test claim information, pharmacy provider webinar training dates, and updated payer sheets. ■

## Proper Prescriber Identification

### *The Right Name, the Right ID Number*

Support for submission of the 10-digit Prescriber National Provider Identifier (NPI) will not be implemented on Monday, November 22, 2010. Please continue to submit the prescriber's 5-character state license number on all billing transactions until further notice:

### **Prescriber State License number**

- 5-character alphanumeric number in "Prescriber ID" (Field 411-DB).
- "Ø8" in "Provider ID Qualifier" (Field 466-EZ).

After November 22, claims submitted with the Prescriber NPI will reject but include a message prompting the pharmacy to resubmit with the state license.

In the meantime, Vendor Drug recommends that pharmacy providers identify processes and systems that are affected by the change from physician/practitioner's state license number to NPI and educate staff on the upcoming changes. If you have any questions about using the NPI, please refer to our payer sheets or your software vendor for assistance.

It is essential that the correct prescriber identification be submitted on all claims. Providing accurate information allows Vendor Drug to follow up with prescribers about their prescribing practices, when needed. Inaccurate information runs the risk of an audit exception and causes erroneous data on reports. Providers can search for prescriber information at [txvendordrug.com](http://txvendordrug.com). Advanced Practice Nurses and physician assistants are required to submit the license number of the supervising physician. Once Vendor Drug allows pharmacies the option of submitting the Prescriber NPI on billing transactions, pharmacies will be notified that they may use the following information:

### **Prescriber NPI**

- 10-digit Prescriber NPI in "Prescriber ID" (Field 411-DB).
- "Ø1" in "Provider ID Qualifier" (Field 466-EZ).

This optional period will last for at least three months, and providers will be notified of the date on which the Prescriber NPI becomes mandatory. ■

## Dispensing Fee Reduced By One Percent

Pursuant to the Legislative Budget Board and the Governor's Office revision to the Spending Reduction Plan for the 2010-11 Biennium, the Texas Health and Human Services Commission implemented new payments for pharmacies participating in the Vendor Drug Program. Effective September 1, 2010, your dispensing fee for each Medicaid prescription was reduced by 1%.

Your payment for a legend drug prescription will be determined by adding \$7.43 to the estimated acquisition cost (EAC) of that drug and dividing the sum by 0.9802. An additional 15 cents will be added to that amount if your pharmacy has been certified as providing free delivery service to Medicaid clients. Another 50 cents will be added to that amount if your pharmacy dispenses a premium preferred generic. For example, if the EAC cost of a drug is \$10.00, your payment will be calculated in the following way:

- \$10.00 plus \$7.43 equals \$17.43.
- \$17.43 divided by 0.9802 equals \$17.78.
- If you have a delivery agreement, add \$0.15 to \$17.78.
- If you used a premium preferred generic, add another \$0.50 for a total reimbursement of \$18.43.

If your true usual and customary (U & C) price for this item is less than the amount calculated above, you will be paid your U & C price. Non-legend drugs (OTC) will be reimbursed using the calculated price, your true U & C price, or one and one-half times the product cost, whichever is lowest. Please remember to submit your true U & C price for all claims. **Note: providers who are currently required to submit the actual acquisition cost of the drug product must continue to do so.**

## Coordination-of-Benefits Claims

Vendor Drug implemented the Cost Avoidance coordination-of-benefits (COB) claim processing model for all Medicaid clients (adults and children) in 2009. This process checks for all other known insurance coverage at point of sale, preventing Medicaid from paying a claim until the pharmacy attempts to obtain payment from the client's third-party insurance. Clients with third-party insurance are still eligible for Medicaid pharmacy benefits and contracted pharmacies must ensure that all eligible Medicaid clients leave the store with their prescribed medications at no out-of-pocket expense.

If other insurance exists in Vendor Drug's records, and Medicaid is billed as the primary insurer, then the claim will reject at point of sale. Vendor Drug's rejection will provide the information needed to bill the other payer. If the pharmacy submits the claim to the primary payer and it is denied, the pharmacy should contact the primary payer and/or prescriber to address the denial reason. If the claim is not payable by the other insurer, Medicaid may pay the claim depending on the reason for denial (including expired coverage). Providers should submit the claim to Medicaid and include other payer's rejection code in the "Other Payer Reject Code" field (472-6E). If the client is assessed a deductible or co-payment, the pharmacy should submit the claim to Medicaid (as secondary payer) and include the amount paid by the primary insurer. VDP will pay deductibles and co-payments, up to the amount Medicaid would have reimbursed, for eligible clients and covered drugs.

Educational materials for coordination-of-benefits claims are still available at [txvendordrug.com](http://txvendordrug.com), including the initial COB training presentation, an audio/visual training module, and frequently asked COB questions. ■

## Obtaining a Prior Authorization

Prior Authorization rejections for Non-Preferred drugs, Clinical Failures, and Therapeutic Failures are not handled through the Vendor Drug Pharmacy Resolution Help Desk. When claims return error code 75 and the message, "Prescriber call PA Texas at 1-877-728-3927 (1-877-PA-TEXAS)", then only the prescribing provider or provider representative may call the PA Texas Call Center to request a prior authorization. Pharmacists cannot obtain prior authorization for medication. If the client arrives at the pharmacy without a prior authorization for a non-preferred drug, the pharmacy should alert the prescribing physician and ask that the provider get the prior authorization. Pharmacies should not contact Vendor Drug to verify the prior authorization rejection. ■

## Life of Prescription Extended

Earlier this year, the Centers for Medicare & Medicaid Services (CMS) approved the state's amendment to increase the dispensing life of a Medicaid prescription from six months to one year for non-controlled substances and allow a maximum of up to 11 refills within a one-year period. Vendor Drug implemented these changes on claims beginning Thursday, July 15, 2010.

Any prescription written prior to July 15 must still comply with the Vendor Drug rules in effect at that time:

- Prescriptions are valid for six months or up to five refills, even if the prescriber originally wrote the prescription for eleven refills.
- Accordingly, a new prescription from the prescriber is needed for any prescription over six months old or after five refills have been dispensed.
- Inaccurate reporting of the authorized refill number runs the risk of an audit exception and causes erroneous data on reports.

New prescriptions written after July 15 are valid for one year and up to eleven refills if authorized by the prescriber. ■

## Accurate Drug Quantities and Days Supply

Pharmacies must bill the Vendor Drug Program for the amount actually dispensed at the point of sale in the "Quantity Dispensed" field (442-E7). The Pharmacy Resolution Help Desk cannot override quantities that are more than the prescriber designated on the prescription. Section 7100, Submission of Claims, in the Pharmacy Provider Handbook states:

Providers must dispense the quantity prescribed or ordered by the prescriber except as limited by the policies and procedures described in the Pharmacy Provider Handbook. Where actual quantity dispensed deviates from the prescribed quantity, the provider must bill for the amount actually dispensed.

For adult recipients with monthly prescription limitations, Vendor Drug reimburses up to a six-month supply. For recipients with access to unlimited prescriptions, quantities should not exceed a one-month (34-day) supply.

The "Days Supply" field (405-D5) is one of the key fields in Drug Use Review (DUR) edits as well as the early refill edit. Incorrect days supply can result in inaccurate DUR alerts and can cause claims to reject for early refill. Please share this information with your staff and stress the importance of correct submission of days supply and the correct method of determination of days supply (quantity divided by total dosage units per day). ■

## **Signup For Access to Weekly Pharmacy Payment Information**

When the Vendor Drug Program switches to their new point-of-sale claim processing system, there will be no change in the Friday-to-Thursday payment cycle. Payments to pharmacy providers will continue to be processed by the Texas Comptroller's Office at the same reimbursement rates currently paid. The biggest change to pharmacies is that your weekly payment registers will no longer be available in a paper format and instead will be provided in either Portable Document Format (PDF) or as the standard ASC X12N 835 Health Care Payment/Advice. To retrieve payment files, pharmacies or their authorized representatives will be required to sign up for access to TMHP-Pharmacy's secure Pharmacy Move-It website. The site will allow pharmacy providers to access their remittance advices for the Medicaid, CHIP, KHC, and CSHCN. Instructions on how to request a username and password and the link to the web-based secure server are available on our "Pharmacy Payment" page at [txvendordrug.com](http://txvendordrug.com). ■

## **Now Two Ways to Receive Client Eligibility Information!**

In the fast-paced life of a pharmacy it helps to know a Medicaid client's prescriptions limitations or whether he or she is also enrolled in Medicare Part D. That's why Vendor Drug has fervently encouraged pharmacy providers to utilize the NCPDP Eligibility Verification Transaction (E1) to obtain eligibility data and prescription benefits for individuals enrolled in Medicaid, CHIP, KHC, or CSHCN.

Additionally, to meet the request of our contracted pharmacy providers, we will also begin offering an online eligibility inquiry tool with the TMHP-Pharmacy claims processing system. The information provided to pharmacies will be similar to the expanded responses currently returned on Vendor Drug's E1 transaction, as shown in the E1 payer sheets in the Vendor Drug Pharmacy Provider Procedure Manual at [txvendordrug.com](http://txvendordrug.com). Instructions on how to request a username and password and the link to the web-based eligibility portal are available on our "Eligibility Verification" page at [txvendordrug.com](http://txvendordrug.com). Please note that Vendor Drug prescription eligibility information may differ from TMHP's TexMedConnect eligibility information. Pharmacies should query verify eligibility with the same processor used to eventually process the claim. ■

## **Have You Visited the Revised Vendor Drug Website?**

In September 2010, the Vendor Drug Program unveiled a new website. While the new format is easier to navigate, the website address has not changed: [txvendordrug.com](http://txvendordrug.com). Some users may still have certain older pages bookmarked and will need to update their Favorites or Bookmarks to point to the new pages. We encourage all pharmacies and corporate offices to provide the proper education to their staff on how to access our website through the store intranet sites so pharmacists and other pharmacy staff may take full advantage of the services provided, including the Preferred Drug List; online searches of drug, doctor, and pharmacy files; and pharmacy education materials. ■

## **Reminder on Influenza Shots**

Influenza shots are not a Vendor Drug covered benefit and pharmacies should contact the Texas Medicaid and Healthcare Partnership (TMHP) for more information and billing criteria. Pharmacies must also be contracted with TMHP to be eligible to receive reimbursement for fees associated with influenza shots given in a pharmacy setting. ■

## **Medicaid/CHIP IMPROVE State, Provider Communication**

Providers on the front lines providing Medicaid services may encounter unique difficulties while providing health-care services to clients and may often be able to identify potential solutions for the benefit of other providers and/or clients. IMPROVE (Interactive Medicaid Provider Voice) is a new web-based provider-focused initiative from the Health and Human Services Commission (HHSC) designed to foster better relations and understanding between medical providers and Texas Medicaid. IMPROVE allows providers who pinpoint systemic issues within the Medicaid program the opportunity to suggest resolutions. More information on IMPROVE is available at [improvetxmedicaid.com](http://improvetxmedicaid.com). ■

## **Clients' Requests Supersede Automatic Refills**

Refills may only be submitted to the Medicaid Vendor Drug Program when requested by the client. Providers must not bill Medicaid unless the client has requested the refill – this includes pharmacies that use automated refill systems/programs. ■

## **Prescription Splitting Not Allowed**

HHSC policy requires that the same drug in the same strength be dispensed no more than once per month, per client. An exception to this policy is only for medications that may be considered too unstable to be dispensed as a one-month supply. Pharmacies that are not compliant with this policy may be referred to the [Office of Inspector General](#) (OIG). ■

## **Do You Know How to Submit an Emergency Override for a Prior Authorization Required Drug?**

Federal and Texas law requires a pharmacy to dispense a 72-hour emergency supply of a prescribed drug when a medication is needed without delay and prior authorization (PA) is not available. This rule applies to non-preferred drugs on the Preferred Drug List (PDL) and any drug that is affected by a clinical or therapeutic PA edit that would need the prescriber PA. If the prescribing provider cannot be reached, or is unable to request a PA, the pharmacy should fill an emergency 72-hour supply. This procedure should not be used for routine and continuous overrides. A 72-hour emergency claim will be paid in full and does not count toward the three-prescription limit for adults who have not already received their maximum prescriptions for the month (there is no prescription limit for children under 21). Instructions for submitting the 72-hour emergency supply, such as payer sheets, are available at [txvendordrug.com](http://txvendordrug.com). ■

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HHSC, P.O. Box 85200 (H-630), Austin, TX 78708-5200.

Medicaid/CHIP Vendor Drug Program (H-630)  
Texas Health and Human Services Commission  
P.O. Box 85200  
Austin, TX 78708-5200

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## **Continuing Pharmacy Education**

Pharmacies contracted with Vendor Drug are in a unique position to assist Medicaid clients and provide access to the whole array of pharmacy benefits. It is important for pharmacy staff to know what pharmacy items Medicaid covers and where to access information on clinical edits and the preferred drug list (PDL). Our [website](#) has more information about these and other pharmacy outreach initiatives:

- HHSC has a series of free computer-based **training opportunities** for pharmacies to educate staff about Medicaid pharmacy benefits. The course is accredited by the Accreditation Council of Pharmacy Education (ACPE). Providers can access the training at [txhealthsteps.com](http://txhealthsteps.com).
- Pharmacies are encouraged to provide **Durable Medical Equipment (DME)** and medical supplies to Medicaid clients. DME includes such items as spacers for inhalers, diabetic test strips, and lancets. Pharmacy providers must enter into a separate written agreement with HHSC through the Texas Medicaid & Healthcare Partnership (TMHP) at [tmhp.com](http://tmhp.com) for reimbursement. For assistance on enrollment, please contact your local TMHP representative as listed on the TMHP website: (<http://www.tmhp.com/C11/Regional%20Support/default.aspx>). For clients enrolled in Medicaid managed care health plans, pharmacies must enter into a contract with their individual health plans to be reimbursed for DME and medical supplies. TMHP also presents a number of free DME workshops throughout the year. Providers can visit [txvendordrug.com](http://txvendordrug.com) for more information and a schedule of announced seminars. TMHP will soon release a computer-based training for Pharmacy DME providers. Visit TMHP's website for more details
- The Texas Medicaid **Comprehensive Care Program (CCP)** can cover medically necessary drugs and supplies that are not available through Vendor Drug for clients, birth through 20 years of age. Pharmacies should inform the family (or physician) that they can request coverage through CCP. Pharmacies not enrolled as CCP providers may direct the client to call TMHP at 1-800-335-8957 to locate a CCP provider. Pharmacies that want to enroll should complete or download an application at [tmhp.com](http://tmhp.com). For further assistance, contact the TMHP Contact Center at 1-800-925-9126 or your local TMHP representative as listed on the TMHP website. ■



## **VENDOR DRUG PROGRAM**

[www.txvendordrug.com](http://www.txvendordrug.com)

### **PHARMACY RESOLUTION HELP DESK**

Mon.-Fri., 8:30 a.m. to 5:15 p.m. CT

[This number is for pharmacy providers only](#)

**1-800-435-4165**

#### **Vendor Drug Fax Numbers**

<a href="#">Main/Pharmacy Resolution</a>	512-491-1958
<a href="#">Formulary</a>	512-491-1961
<a href="#">DUR</a>	512-491-1962
<a href="#">Field Administration</a>	817-321-8064
<a href="#">Contract Management, H-330</a>	512-491-1974

#### **Other Contact Information**

HHSC Helpline	1-800-335-8957
CHIP Pharmacy Line	1-866-274-9154
CHIP Client Eligibility	1-800-647-6558
CCP-Diabetic and Medical Supplies	
Pharmacy only	1-800-846-7470
Clients only	1-877-847-8377

#### **Texas Prior Authorization Call Center**

1-877-PA-TEXAS (1-877-728-3927)

#### **Health Management Systems (HMS) Texas Third-Party**

<a href="#">Support Call Center</a>	1-866-389-5594
<a href="#">Kidney Health Care (KHC) Program</a>	1-800-222-3986
<a href="#">Children with Special Health Care Needs (CSHCN) Services Program</a>	1-800-252-8023
<a href="#">Reporting Fraud, Waste &amp; Abuse</a>	1-800-436-6184
<a href="#">Medicare</a>	1-800-MEDICARE (1-800-633-4227)
Medicare Eligibility Line for Pharmacists	1-866-835-7595
<a href="#">Texas Health Steps</a>	<a href="http://txhealthsteps.com">txhealthsteps.com</a>

The Texas Health and Human Services subscription e-mail news service makes it easier for the public to stay updated on the latest news and information about health and human services, including the Medicaid/CHIP Vendor Drug Program. Those who opt to receive Vendor Drug notices will receive an e-mail when information is published that impacts pharmacy providers. Interested parties can sign up for this free service via the Vendor Drug Program website.