



State of New Jersey  
Department of Human Services  
Division of Medical Assistance & Health Services

# NEWSLETTER

Volume 10 No. 29

April 2000

**TO:** Providers of Pharmaceutical Services - For Action  
Physicians, Podiatrists, Certified Nurse Practitioners,  
Certified Nurse Specialists, Clinics - For Information Only  
Health Maintenance Organizations - For Information Only

**SUBJECT:** Coverage of Lipase Inhibitors

**EFFECTIVE:** Claims with service dates on or after April 1, 2000

**PURPOSE:** To notify providers of pharmaceutical services of the decision by the New Jersey Division of Medical Assistance and Health Services (DMAHS) to provide fee-for-service (FFS) coverage and reimbursement for a new class of drugs, known as lipase inhibitors, such as Xenical, for Medicaid and General Assistance (GA), and NJ KidCare FFS beneficiaries.

**BACKGROUND:** Lipase inhibitors are an innovative class of weight-reduction drugs used in the treatment of obesity. Lipase inhibitors inhibit the absorption of dietary fats from the gastrointestinal system. Xenical, manufactured by Roche Laboratories, is the first product marketed from this new class of drugs.

Recent studies indicate that obesity is an epidemic in this country leading to a higher prevalence of diabetes, gallbladder disease, hypertension, osteoarthritis and coronary heart disease. This information has caused the Division to reexamine its coverage policy regarding certain drugs used in the treatment of obesity. Therefore, DMAHS has decided to provide FFS coverage and reimbursement for this new class of drugs when determined medically necessary for Medicaid, GA, and NJ KidCare FFS beneficiaries. Coverage of lipase inhibitors shall be limited based on the strict guidelines described in this Newsletter.

**It is important to note that this change in DMAHS policy is limited to lipase inhibitors. Other weight-reduction drugs used in the management of obesity are not covered by the Medicaid, GA and NJ KidCare FFS programs.**

**ACTION:** Effective for claims with service dates on or after April 1, 2000, DMAHS shall provide coverage and reimbursement for lipase inhibitors, such as Xenical. Coverage of these drugs shall be limited to the following conditions:

- 1) Claims for lipase inhibitors shall be subject to authorization through the Medical Exception Process (MEP). See Newsletter, Volume 9, No. 67, dated November 1999, regarding procedures for requesting authorization.
- 2) When a pharmacist processes an initial claim for a lipase inhibitor, the point-of-sale (POS) system will post Edit 927 prompting the pharmacist to contact First Health Services and allowing an initial 30-day supply of the lipase inhibitor to be dispensed without PA. If PA is not issued by First Health after the 30-day supply is exhausted, payment for the next claim will be denied.
- 3) During this initial 30-day period, First Health Services will outreach the physician to request justification for continuing the use of the lipase inhibitor.
- 4) **Coverage of lipase inhibitors shall be limited based on the following criteria:**
  - **Obese individuals with a Body Mass Index (BMI) equal to or greater than 27 kg/m<sup>2</sup> with co-morbidities of hypertension, diabetes or dyslipidemia; or**
  - **Obese individuals with a BMI equal to or greater than 30 kg/m<sup>2</sup> without co-morbidities.**
- 5) If justification is received by First Health, the lipase inhibitor will be prior authorized for an additional 30-day supply.
- 6) Any subsequent prior authorizations for lipase inhibitors shall be limited to a 90-day supply.

If you have any questions concerning this Newsletter, please do not hesitate to contact the Chief, Pharmaceutical Services, DMAHS, at (609) 588-2724, or First Health Services, at 1-877-888-2939.

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