



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

NEWSLETTER

Volume 10 No. 54

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TO: Providers of Pharmaceutical Services - **For Action**
Health Maintenance Organizations - **For Information Only**

SUBJECT: **Medicare-Covered Prescription Drugs**

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

PURPOSE: To notify providers of pharmaceutical services of limitations on Medicaid-coverage of Medicare-covered prescription drugs.

BACKGROUND: Certain prescription drugs and diabetic materials covered by the Medicaid, and NJ KidCare fee-for-service (FFS) programs are eligible for reimbursement by the Medicare program as medical supply services. When these services are provided to Medicare beneficiaries who are also eligible for Medicaid and NJ KidCare, the Medicaid and NJ KidCare FFS programs will pay the deductibles and coinsurance amounts up to the Medicaid or NJ KidCare FFS program fee allowance for these claims.

For Medicaid or NJ KidCare FFS programs, claim payments for Medicare-covered drugs provided to Medicare eligible beneficiaries must be processed as medical supply "crossover" claims. These drugs include, but may not be limited to, certain oral/injectable chemotherapy drugs, immunosuppressant drugs, anti-neoplastic drugs, epoetin alfa (EPO) injections, pneumococcal pneumonia vaccines, influenza vaccines, hepatitis B vaccines, bronchodilator drugs, oral anti-emetics associated with cancer chemotherapy and diabetic materials.

Claims submitted for a Medicare-covered drug provided to a Medicare eligible beneficiary by a provider that does not participate in Medicare will no longer be paid by the Medicaid program.

ACTION:

- (1) **Effective for claims with service dates on or after September 1, 2000,** Medicaid and NJ KidCare FFS claim payments for Medicare-covered drugs and diabetic materials supplied to a Medicare-eligible beneficiary shall be limited to those providers of pharmaceutical services enrolled as Medicare-approved providers of medical supply services.
- (2) **Claims for Medicare-covered drugs with service dates on or after September 1, 2000 submitted by pharmacies not approved as Medicare**

providers of medical supply services shall be denied payment by the Medicaid and NJ KidCare FFS programs.

- (3) To request payment consideration for Medicare-covered drugs, pharmacies enrolled as approved Medicare providers of medical supply services must submit these claims initially to Medicare on the HCFA 1500 claim form or by using an equivalent electronic medium format. These claims must be billed to Medicare using Medicare-approved HCPCS procedure codes. These claims will “crossover” to the Medicaid or NJ KidCare FFS program through the electronic process established by the Division of Medical Assistance and Health Services (DMAHS) with the Durable Medical Equipment Regional Carrier (DMERC) for this purpose. Medicaid or NJ KidCare FFS payments shall be limited to deductibles and coinsurance amounts for these claims up to the Medicaid or NJ KidCare FFS program fee allowances for the services provided.

Pharmacies/DME suppliers must accept assignment on these claims to receive reimbursement from the Medicare program. Medicaid beneficiaries are not responsible for coinsurance related to Medicare payments.

(4) Reporting “Other Coverage” Code Values

- For information concerning approved values for the “Other Coverage” code indicator in the NCPDP claim format, please see the Medicaid Newsletter Volume 10, No. 47, dated June, 2000 (Third Party Liability Payments).
- For certain pharmacy/medical supply services, claims initially submitted to Medicare may be denied payment due to the service(s) not meeting Medicare medical necessity requirements. In these situations, a pharmacy may submit this claim(s) directly to the Medicaid or NJ KidCare FFS program through the State’s point-of-sale (POS) claims processing system. The pharmacy must report an Other Coverage Code value of “3” to indicate that the provided service was not eligible for Medicare coverage/reimbursement.

(5) Allowances for Delivery of Services by a Non-Medicare Approved Provider

If a pharmacy is not an approved Medicare DME provider, then a pharmacy claim cannot be submitted to the State for payment, except when an alternative provider of pharmaceutical services is not available within five (5) miles of a beneficiary’s place of residence. These rules shall apply to claims with service dates on or after January 1, 2001 provided by non-participating pharmacies.

- In these cases, the non-participating pharmacy must request prior authorization (PA) from First Health Services to provide a pharmacy service. First Health Services may be contacted at 1-877-266-3589.
- The pharmacy must report a value of “5” in the first position of the “PA/MC Code and Number” field (NCPDP Field No. 416) followed by the PA number issued by First Health Services.

Please Note: Pharmacies currently report a value of "1" in the first position of this field in addition to a "0" in the second position to ensure proper placement of the PA number in this field.

If you have any questions concerning this Newsletter, please do not hesitate to contact the Chief, Pharmaceutical Services, DMAHS, at (609) 588-2721.

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