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NEWSLETTER

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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 DHHS.

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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