



*Published by the
N.J. Dept. of Human Services,
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 DHHS.**

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.

**RETAIN THIS NEWSLETTER NUMERICALLY BEHIND THE NEWSLETTER TAB
(BLUE TAB MARKED "5")**