



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

NEWSLETTER

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December 2005

TO: Providers of Long-Term-Care Pharmaceutical Services
Skilled Nursing Facilities – **For Action**
Health Maintenance Organizations - **For Information Only**

SUBJECT: Medicare Part D

EFFECTIVE: Claims with service dates on or after January 1, 2006

PURPOSE: The purpose of this letter is to provide long-term-care pharmacy providers an overview of what they can expect from the implementation of the Medicare Modernization Act (MMA), otherwise known as Medicare Part D, as it affects drug benefit coverage provided by the New Jersey FamilyCare (NJFC)/Medicaid program.

BACKGROUND: Effective January 1, 2006, full-benefit dual eligibles, that is, NJFC/Medicaid clients with Medicare coverage, will receive drug benefits from Medicare under the Medicare Part D drug benefit program, established under the Medicare Modernization Act (MMA). Prescription drug plans (PDPs) authorized by Medicare will begin providing drug benefit coverage for full-benefit dual eligibles effective January 1, 2006. 1-800-Medicare may be contacted to request additional information regarding the MMA.

Full-benefit dual eligibles have been assigned a PDP by the Centers for Medicare & Medicaid Services (CMS). Clients received a letter from CMS, on yellow paper, notifying them of their assigned PDP. Clients should verify coverage of their medications by the assigned PDP using the list of formulary drugs to be found in a follow-up "Welcome" package from the PDP. After comparing their medication needs to the PDP formulary, clients may choose to discuss their drug coverage concerns with their prescriber. Full-benefit dual eligibles assigned a PDP may also choose to change their PDP every 30 days.

ACTION:

1. With exceptions established by Medicare and the New Jersey Division of Medical Assistance and Health Services (DMAHS) for certain drugs, DMAHS will no longer provide a prescription drug benefit for Medicaid clients with Medicare coverage for claims with service dates on or after January 1, 2006.

Full-benefit dual eligibles residing in long-term-care are not responsible for any premiums, copayments, deductible or “doughnut hole” costs related to the Medicare drug benefit as long as they are in a fully subsidized Medicare prescription drug plan. Medicaid clients will continue to receive their drug benefits at no cost.

2. **Certain classes of drugs are exempt from Medicare Part D coverage. Unisys will continue to process claims for NJFC/Medicaid-covered benzodiazepines, barbiturates and certain vitamins for dually-eligible clients. These drugs are *NOT* eligible for Medicare Part D drug benefit coverage. The State will continue to reimburse long-term-care facilities for over-the-counter drug costs as a component of their facility per diem rate.**

On or about January 1, 2006, the State will discontinue payment of capitation to LTC pharmacies for services provided to dually-eligible beneficiaries. The PDP is the primary payer for these services and the methodology applied to reimburse pharmacies for LTC services is determined by contract. **Pharmacy reimbursement for those drugs exempt from Medicare Part D coverage will be the lower of the pharmacy’s usual and customary charge or a drug’s Average Wholesale Price (AWP) less 12.5% plus a dispensing fee of \$3.73 to \$4.07.**

3. In addition to the drugs mentioned in (2) above, New Jersey Medicaid will also consider coverage of certain drugs denied payment by a Medicare-authorized PDP. Coverage of these drugs will be considered under New Jersey Medicaid’s “wraparound” program for Medicare Part D eligible clients.

If the PDP formulary does not include a drug, the pharmacist and/or beneficiary must contact the prescriber. The prescriber may choose to initiate a request for exception with the PDP. The 6-day emergency supply described in (6) below is intended to provide the client with medication during this exception process. The prescriber may also choose to prescribe an appropriate formulary drug, thereby avoiding the need to initiate an exception request with the PDP.

Pharmacists must first receive a denial of drug benefit coverage from the Medicare-authorized PDP before submitting a secondary claim to Unisys to request payment for a wraparound drug. The State anticipates an NCPDP denial code of ‘AC’ will be reported by PDPs when a claim is denied for non-formulary coverage. These claims may be eligible for wraparound payments. A listing of wraparound drugs may be found in Attachment A to this Newsletter. Table 1 requires no prior authorization from the State of New Jersey. Table 2 requires prior authorization from the State. Please be advised that this list may be subject to change.

6. We understand PDPs, on January 1, 2006, will provide some period of “transitional” drug coverage, estimated to be 30 days, for newly enrolled beneficiaries to receive drugs not covered on the PDP’s formulary. It is anticipated that PDPs will reach out to individual clients advising them further regarding this drug coverage policy. Pharmacists are advised that claim payment responses from the PDP may not clearly indicate when transitional drug coverage has been initiated.

After January 1, 2006, when a pharmacy is advised that a drug is not on a PDP's formulary and the client is advised of his/her need to have the prescriber initiate a request for exception with the PDP, the pharmacy may dispense up to a 6-day emergency supply of medications. Antibiotics are exempt from the 6-day supply limitation and clients may receive the quantity of antibiotic prescribed within normal program limits. In certain cases, a PDP-denial and/or prior authorization from the State may be required for antibiotics.

In addition, drugs packaged in unbreakable packages, including but not limited to ophthalmic solutions, inhalers, topical products, may be dispensed reporting the metric quantity for one package unit and a days supply of '6'.

The State shall reimburse pharmacies for dispensing an emergency supply of medication only once. This emergency supply is intended to provide clients the opportunity to discuss their prescription needs with their prescriber.

7. The PDP claim response will provide pharmacists information regarding other possible payers for a prescription service. The pharmacy is required to coordinate payments with these other insurers. **The State of New Jersey is always the payer of last resort.**
8. The State of New Jersey is not responsible for reimbursing pharmacies secondary payments for Medicare Part D-covered drug benefits rendered by a pharmacy not participating in the provider network of the PDP in which a client has enrolled. The client is only eligible for services provided by a PDP-participating network pharmacy.
9. Medications dispensed for full-benefit dual eligibles are exempt from the State's Unit-dose Recycling program.

Claim Payments for Clients 22-64 Years of Age Residing in Institutions for Mental Disease (IMD)

Services provided to clients residing in an IMD are not covered by Medicaid, although their claims for prescription services are processed by Unisys, the State's fiscal agent. These same clients may be eligible for Medicare Part D and may have enrolled in a Medicare-authorized prescription drug plan (PDP). If enrolled in a PDP, the pharmacy must submit their claims to the PDP who is responsible for processing payments. Claims submitted to Unisys will be denied. No copayments exist for these clients.

For clients who enter the IMD from the community already enrolled in a PDP, the PDP will continue to have responsibility for drugs prescribed during the client's stay in the IMD. Opportunities exist every 30 days for the client to choose to enroll in another PDP if there are drug coverage concerns. The IMD, long term care pharmacy, and prescriber may work together to encourage a client to switch plans to one that is most appropriate for the client in the IMD setting.

For use by pharmacy software vendors, specifications for submitting primary or secondary claims to Unisys for dual eligibles may be found in Attachment B to this Newsletter.

Information concerning the MMA is available on the Medicare website, www.Medicare.gov or by phone at 1-800-Medicare. This site may be used by clients and providers to identify a client's PDP and to determine drug coverage available from a PDP.

- The Division of Medical Assistance and Health Services recently enhanced the Medicaid Hotline, 1-800-356-1561, to provide clients information concerning MMA. For example, an Interactive Voice Response (IVR) system will provide PDP contact information and information on how to reach Medicare.

The IVR system can be updated with client information that pharmacies may find helpful. As we learn more about the needs of our clients, we encourage pharmacies to contact Dennis Doderer by email at Dennis.Doderer@dhs.state.nj.us to offer suggestions on how the Hotline could be made more helpful to clients.

If you have any questions regarding this Newsletter, please do not hesitate to contact the Pharmacy Unit through the Medicaid Hotline at 1-800-356-1561.

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

**ATTACHMENT A
WRAPAROUND DRUGS NOT REQUIRING PRIOR
AUTHORIZATION**

TABLE 1

Specific Therapeutic Drug Class Code Source: First Data Bank	Therapeutic Drug Class	Examples of drugs in Class
A2A	Antiarrhythmics	Tocainide Bepridil Ibutilide
C1A	Electrolyte depleters	Calcium acetate Sevelamer Sodium polystyrene
C5C	Infant formulas	Goodstart Alimentum
C5F	Dietary supplement, miscellaneous	Ensure Sustacal Boost
C5U	Nutritional therapy Med con special formulation	Glucerna
C6K	Vitamin K preparations	Phytonadione
C7D	Metabolic deficiency agents	Levocarnitine
C8A	Metallic poison, agents to treat	Succimer
D7D	Drugs to treat hereditary Tyrosinemia	Nitisinone
G3A	Oxytocics	Methergine
G8A	Contraceptives, Oral	Levonorgestel-Ethinyl estradiol Desogestrel-Ethinyl estradiol
G8C	Contraceptives, Injectables	Medroxyprogesterone injection
G8D	Abortifacient, Progesterone Receptor antagonist	Mifepristone
G8F	Contraceptives, Transdermal	Ethinyl estradiol-Norelgestromin

TABLE 1

STC	Pharmacologic Class	Examples of drugs in Class
H2A	Central Nervous system Stimulants	Pemoline Doxapram
H2S	Selective Serotonin reuptake inhibitor (SSRIS)	Citalopram Fluvoxamine
H2V	ADHD/Narcolepsy	Modafinil Methylphenidate
H3F	Antimigraine preparations	Naratriptan Imitrex
H4B	Anticonvulsants	Divalproex sodium Levetiracetam
H6A	Antiparkinsonism drugs	Pramipexole Selegiline Apomorphine Ropinirole
H6I	Amyotrophic lateral sclerosis agents	Riluzole
H7C	Serotonin-Norepinephrine Reuptake inhibitor (SNRIS)	Duloxetine Venlafaxine
H7D	Norepinephrine and Dopamine reuptake inhibitor	Bupropion SR Bupropion XL
H7T	Antipsychotics, Atypical, Dopamine and Serotonin Antagonist	Clozapine Ziprasidone Risperidone Quetiapine Olanzapine
H7X	Antipsychotics, Atypical D2 partial agonist, 5HT mixed	Aripiprazole
H7Y	ADHD (NRI type)	Atomoxetine
J1B	Cholinesterase inhibitor	Donepezil Tacrine Rivastigmine Galantamine Pyridostigmine

TABLE 1

STC	Pharmacologic Class	Examples of drugs in Class
J5B	Adrenergics, aromatic non-catecholamine	Amphetamine D-Amphetamine
J5D	Beta-adrenergic agents	Formoterol Salmeterol
J5F	Anaphylaxis therapy agents	Ana-kit Epi-pen Epi-pen EZ
L5F	Antipsoriatic agents	Calcipotriene Tazarotene
M9D	Antifibrinolytic agents	Aminocaproic acid
M9K	Heparin and related preparations	Heparin Dalteparin Fondaparinux
N1A	Erythroid depressants	Vercyte
P1B	Somatostatic agents	Sandostatin
P1G	Adrenal steroid inhibitors	Aminoglutethimide
P1M	LHRH agonist analog pituitary suppressants	Leuprolide depot
P1P	LHRH Precocious puberty	Leuprolide depot-ped
P1U	Metabolic function diagnostics	Metapyrone
P2B	Antidiuretic and Vasopressor hormones	Desmopressin
P4L	Bone resorption inhibitors	Calcitonin-salmon Tiludronate
Q4K	Vaginal Estrogen preparations	Estrogens conjugated cream Estradiol vaginal table
Q4W	Vaginal Antibiotics	Clindamycin vaginal cream Metronidazole vaginal gel
Q5N	Topical Antineoplastic and Premalignant lesion agents	Fluorouracil Masoprocol
Q5W	Topical Antibiotics	Mupirocin

TABLE 1

STC	Pharmacologic class	Example of drugs in Class
R5B	Urinary tract analgesic agents	Pentosan Polysulfate
S2C	Gold salts	Auranofin Gold salts
S2I	Anti-inflammatory, Pyrimidine synthesis inhibitor	Leflunomide
U6C	Thickening agents, oral	Thick –it
V1E	Steroid Antineoplastics	Estramustine Megestrol acetate
V1J	Antiandrogenic agents	Bicalutamide Flutamide Nilutamide
V1O	LHRH agonist, Antineoplastic	Leuprolide Goserelin
V1Q	Antineoplastic enzyme Inhibitors	Imatinib Erlotinib Gefitinib
V1T	Selective Estrogen receptor modulators	Toremifene Tamoxifen
W2E	Anti-Mycobacterium agents	Ethambutol Isoniazid
W4P	Antileprotics	Dapsone Thalidomide
W5D	Antiviral monoclonal antibodies	Palivizumab
W5F	Hepatitis B treatment agents	Adefovir Lamivudine HBV Entecavir
X1A	Condoms	Condoms, latex
X1B	Diaphragms	Diaphragms
X1C	Intra-uterine Devices	Levonorgestrel
Z1G	Drugs to treat gaucher Dx type-1	Miglustat

**ATTACHMENT A
WRAPAROUND DRUGS REQUIRING PRIOR AUTHORIZATION**

TABLE 2

STC	Pharmacologic Class	Drugs in Class
A9A	Calcium channel blocking agents	Nimodipine
B1B	Pulmonary anti-HTN endothelium receptor antagonist	Bosentan
H3A	Narcotic Analgesics	Fentanyl lollipop
P4B	Parathyroid hormone	Teriparatide
P1A	Growth hormone	Somatropin
H7R	Antipsych, Dopamine antagonist, Diphenylbutylpiperidines	Pimozide
H7W	Anti Narcolepsy Anti Cataplexy	Sodium oxybate
S2J	Anti-inflammatory, Tumor necrosis factor inhibitor	Etanercept
S2M	Anti-inflammatory, Interleukin-1 receptor antagonist	Anakinra
V1A	Alkylating agensy	Cyclophosphamide
V1B	Antimetabolites	Methotrexate

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ATTACHMENT B SOFTWARE VENDOR SPECIFICATIONS

TRANSACTION HEADER SEGMENT

Bin Number – Field 101-A1

You are to continue to use the existing BIN Number of 610515 on all transactions submitted to Unisys for processing.

Processor Control Number – Field 104-A4

You are currently required to enter a value of NJP followed by the seven digit EMC Submitter ID that has been assigned to you by Unisys.

Effective for all transactions submitted as of January 1, 2006 you will be required to populate this field with new Processor Control Number values when submitting claims that were submitted to and approved by the Medicare PDP and the claim is now being submitted to New Jersey for consideration of the outstanding Medicare Part D patient deductible and/or coinsurance/co-payment responsibility.

When submitting a claim for a beneficiary enrolled in either the State's Prescription Drug Program for the Aged and Disabled (PAAD) or the State's Senior Gold prescription drug program, you are to submit the claim with a Processor Control Number of PAAD.

When submitting a claim for a beneficiary enrolled in the State's AIDS Drug Distribution Program (ADDP), you are to submit the claim with a Processor Control Number of ADDP.

When submitting a claim for a beneficiary enrolled in **other than** the State's Prescription Drug Program for the Aged and Disabled (PAAD), the State's Senior Gold prescription drug program, or the State's AIDS Drug Distribution Program (ADDP), you are to submit the claim with a Processor Control Number of SUPPNJ.

Claims for beneficiaries that are not enrolled in Medicare Part D; claims for non-Part D drugs; and claims where New Jersey is being billed as the primary payer because Medicare Part D has denied coverage on the claim should be submitted with a Processor Control Number that is equal to spaces.

Software Vendor/Certification ID

Effective for all transactions submitted as of January 1, 2006 you will be required to populate this field with the data that you were previously reporting in the Processor Control Number field. Specifically, the first three positions of this field must contain the value of NJP. Starting in position four of this field, you are to report the seven digit EMC Submitter ID that has been assigned to you by Unisys. This EMC Submitter ID is the

certification id that Unisys uses to confirm that you have been certified for the submission of electronic claims.

COB/OTHER PAYMENTS SEGMENT

New Jersey, as a government agency, will continue to require the submission of a COB/Other Payments Segment for each insurer to whom the claim has been submitted prior to the submission of the claim to the State of New Jersey for consideration of payment without exception. If we have knowledge of insurance resources that include drug coverage and a COB segment is not present on the incoming claim for each of the known insurance resources, then payment on your claim will be denied. When the insurance coverage is Medicare Part D, we expect the COB segment reflecting the adjudication by the Medicare Part D processor. Failure to include the COB segment on any claim for a Medicare Part D enrolled beneficiary for a drug product that is Medicare Part D covered by statute will result in the denial of your claim.

Other Payer ID – Field 340-7C

New Jersey will continue to use a New Jersey specific code set to identify other third party resources. New values have been defined by the State of New Jersey for the specific Medicare approved PDPs. You will continue to use a value of 99 in the Other Payer ID Qualifier field (339-6C). The new Other Payer ID values that have been established in support of MMA are:

Medicare C Plans

CAP = Aetna US Healthcare PPO
CAE = Aetna US Healthcare
CAM = Americhoice
CAH = Amerihealth 65
CEC = Evercare Choice
CHO = Horizon Healthcare NJ
COX – Oxford Health Plans NJ
CUH – United Healthcare

Medicare D Plans

DAE = Aetna Life Insurance
DCG = Connecticut General
DCA = Coventry Advantra RX
DFH = First Health Premier
DHN = Health Net
DHO = Horizon Healthcare
DHU = Humana
DME = Medco Health Solutions
DMH = Memberhealth
DPA = Pacificare Life
DPL = Pennsylvania Life

DAP = American Progressive Life and Health
DRX = RXAmerica
DSS = Silverscript
DST = Sterling Plus RX
DUN = Unicare
DUA = United American
DUH = United Healthcare
DWE = Wellcare
DWP= Future Use

Please be advised that the value of OTH cannot be used to identify Medicare Part D as the insurer. If the value of OTH is used to identify the COB segment as reflecting Medicare Part D rather than the appropriate value from the above list, the claim will be denied.

Other Payer Amount Paid Qualifier (Field 342-HC) and Other Payer Amount Paid (Field 431-DV)

The NCPDP standard allows for the reporting of up to six occurrences of Other Payer Amount Paid Qualifier and Other Payer Amount Paid.

When reporting the actual amount of the payment made by the third party health plan, the Other Payer Amount Paid Qualifier is to be coded with a value of 08 (Sum of all reimbursement) and the amount reported in the Other Payer Amount Paid is to be the amount of the actual payment that you are scheduled to receive from the health plan. In the event that the health plan has approved the service but will make no payment on the claim because the payment due has been applied to either the patient's deductible liability and/or coinsurance/co-payment liability, then there would be no entry containing an Other Payer Amount Paid Qualifier of 08 required.

An Other Payer Amount Paid Qualifier of 99 is to be used to report both the patient deductible liability as well as the patient coinsurance/co-payment liability. The first entry is to be used to report the patient deductible amount and the second entry is to be used to report the patient coinsurance/co-payment amount. When the claim involves only a coinsurance/co-payment amount, you still must code two entries with an Other Payer Amount Paid Qualifier of 99. The first entry must be coded with an Other Payer Amount Paid Qualifier of 99 and an Other Payer Amount Paid of zeros to indicate that there is no deductible amount on the claim and the second entry must be coded with an Other Payer Amount Paid Qualifier of 99 and an Other Payer Amount Paid that is equal to the patient coinsurance/co-payment amount.

The amount to be reported to us as the patient deductible amount should be returned to you by the payer in the Amount Applied to Periodic Deductible field (Field 517-FH) on the Response Pricing Segment.

The amount to be reported to us as the patient coinsurance/co-payment amount should be returned to you by the payer in the Amount of Copay/Co-Insurance field (Field 518-FI) on the Response Pricing Segment.

Other Payer Reject Code (Field 472-6E)

When the COB segment being provided reflects Medicare Part D, it is essential that you include on the transaction all reject codes returned to you by the Medicare Part D PDP. These codes will be used to determine if New Jersey will accept primary payer responsibility on a claim for a Medicare Part D enrolled beneficiary for a drug product that is deemed to be a Medicare Part D covered benefit by statute. The only codes that you are to report in this field are the reject codes that are returned to you by the health plan/insurer. You are not to augment this list of reject codes with any reject codes that are not present on the response transaction received from the health plan.