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TO: Physicians, Dentists, Optometrists, Independent Clinics and
Hospitals - Chief Executive Officer

ROUTE TO: Hospital Finance, Accounting and Billing Offices

SUBJECT: Clarification of Medicaid Policy Regarding Authorization of Brand Drug

EFFECTIVE: Immediately

BACKGROUND: The New Jersey Division of Medical Assistance and Health
The New Jersey Medicaid program will provide payment for brand drugs in those
situations in which treatment with such drugs is medically necessary and the
prescriber indicates in his or her own handwriting on each written prescription
the phrase "Brand Medically Necessary."

ACTION: The Division of Medical Assistance and Health Services is
aware of some prescribers who consistently authorize dispensing of
brand drugs which are not medically necessary. In these situations, the
Medicaid program is experiencing significant additional expenditures for drug
therapy which could be provided by prescribing lower cost, generically
equivalent drugs. Prescribers are encouraged to carefully consider the need to
prescribe brand drugs available generically except in those situations in which
such therapy is medically necessary.

For further information or questions regarding this Newsletter, please contact
the Medical Consultant, Office of Medical Affairs and Provider Relations,
Division of Medical Assistance and Health Services, at (609) 588-2751.

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

ATTACHMENT: Pharmaceutical Services Manual, pgs. 51-19 and 51-20

