



Senior Services News

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TO: Providers of Pharmaceutical Services - **For Action**
Physicians, Dentists, Podiatrists, Certified Nurse
Practitioners/Clinical Nurse Specialists, Optometrists, Independent
Clinics, and Health Maintenance Organizations - **For Information
Only**

SUBJECT: Senior Gold Prescription Discount Program

PURPOSE: To notify pharmacies regarding implementation of the Senior Gold
(SG) Prescription Discount Program.

BACKGROUND: Effective June 1, 2001, Senior Gold, which is providing coverage
of legend drugs, insulin, insulin needles and syringes and diabetic testing materials, will
be available for elderly and disabled New Jersey residents with income limits up to
\$10,000 higher than PAAD.

To be eligible for Senior Gold, an applicant must be 65 years of age or older; or a
recipient of disability insurance benefits under Title II of the Federal Social Security Act,
with an annual income between \$19,238 and \$29,238 if single or, if married, a
combined annual income between \$23,589 and \$33,589.

The New Jersey Department of Health and Senior Services (DHSS) anticipates that
approximately 100,000 seniors and disabled New Jersey residents, currently ineligible
for PAAD, may enroll in Senior Gold.

ACTION: **Effective June 1, 2001**, pharmacy claims for New Jersey residents
eligible to receive pharmacy benefits covered by the Senior Gold Prescription Discount
(SG) program may be submitted to Unisys, the State's fiscal agent, utilizing the same
policies and procedures that currently exist for the Pharmaceutical Assistance to the
Aged and Disabled (PAAD) program.

Beneficiary Eligibility:

Eligibility of the SG beneficiary may be verified by requesting to see the Senior Gold
Identification card or using the recipient eligibility verification system (REVS) that
provides access to a SG recipient identification number, eligibility and expiration dates.
The SG recipient identification number has the number "7" in the first position
followed by the recipient's social security number (SSN). All SG recipients have
been assigned the person number "01"

SG Copayment and/or Cost Share:

\$15 copayment amount or a \$15 copayment amount plus 50%* of the remaining prescription cost**

***Catastrophic Cap**

When a SG beneficiary's out-of-pocket expenses for legend drugs, insulin, insulin needles and syringes and diabetic testing materials, including the cost of SG copayments and deductibles (during an eligibility period) exceeds \$2000 for a single person or \$3000 for a married couple, the SG beneficiary shall only pay a \$15 co-payment amount or the pharmacy's usual and customary charge, whichever is less.

It is important to note that SG copayments and deductibles are those not paid by any other insurance program and shall be credited by DHSS to the accounts of individual or married SG-eligible beneficiaries.

****Prescription Cost shall equal the lower of a pharmacy's usual and customary charge or the calculated SG payment amount, whichever is less.**

Co-pay and Cost share procedure:

The SG copayment amount and cost share responsibility will be reported by the State's point-of-sale (POS) claims processing system. The SG copayment amount and cost share information will be provided to pharmacies as part of the POS response in the same manner as PAAD.

The POS system will tally all copayment and cost share amounts for an eligibility period. Once the SG beneficiary's out of pocket expenses exceed \$2,000 if single or \$3,000 if married, the SG beneficiary's cost share shall be limited to \$15 or the pharmacy's usual or customary charge, whichever is less.

Claim adjustments:

SG copayments and deductibles are calculated in "real time", reflecting the cost share responsibilities of the SG beneficiary at any one point in time. When claim adjustments (reversal/payment) are processed through POS, there is the risk that these responsibilities may have changed between the original payment date and the adjusted payment date.

To avoid changes in a beneficiary's cost share responsibilities between the date of original payment and the adjusted payment date, POS shall ensure that copayment and deductible amounts on the original and adjusted claims remain the same for the same drug, metric quantity, and provider. When adjusting a SG pharmacy claim, the POS response will also include Error Code 941.

Generic Substitution Policy:

The Prescription Drug Price and Quality Stabilization Act, N.J.S.A. 24:6E-1 ET seq. shall apply to the Senior Gold Prescription Discount Program, which requires the prescriber to initial either one of the statements "Substitution Permissible" or " Do Not Substitute", in addition to signing the prescription. Brand-name maximum allowable cost (MAC) drugs will not be covered by SG unless the prescriber indicates in his or her own handwriting on each written or follow-up written prescription the phrase, "Brand Name Medically Necessary".

The pharmacist shall dispense and bill the State for the least expensive product listed in the DURC formulary, and substitute from the list of interchangeable products. If the physician does not require the brand name and the beneficiary requests the brand name, the beneficiary will be responsible for payment of the difference in price between Brand and Generic product.

Drug Utilization Review:

The drug utilization review (DUR) process currently in place for PAAD claims shall also apply to SG prescriptions. SG-POS claims that exceed DUR standards shall be subject to the State's medical exception process (MEP). Please see DMAHS/DHSS Newsletter, Volume 9, No. 67, dated November 1999.

Third Party Cost Avoidance Procedure:

For SG claims with service dates on or after June 1, 2001, pharmacies are required to submit these claims to other insurance plans that provide pharmacy benefits prior to submitting POS claims to Unisys, the State's fiscal agent. Please follow the following billing procedures for TPL-eligible SG pharmacy claims:

- POS-SG claims for which DHSS has other insurance information on file will be denied payment unless the payment received from the other insurance is reported in the NCPDP field defined as the **Other Payer Amount** field or an **"Other Coverage"** code value is reported in the appropriate NCPDP field on the claim record (see below).
- Paper claims may be submitted to the State on the MC-6 pharmacy claim form, for those pharmacies unable to submit a POS claim, with a TPL payment amount and Other Coverage Code in the appropriate POS fields. MC-6 claim forms may be requested by contacting Unisys Provider Services at 1-800-776-6334. **For your convenience, instructions for completing the MC-6 claim form are attached to this Newsletter.**
- If a claim is denied payment for third party coverage, the POS response will provide insurance information for those policies that are known to provide pharmacy benefit coverage. This information will be limited to the name of the health insurance carrier and the insured's policy number. Specific information, including the identity of the insured's pharmacy benefit manager, subscriber identification number, group number, and person number will not be provided by POS responses. **This information must be obtained from the beneficiary.**

- Claims covered by other insurance that have different prescription refill and/or days supply requirements from those of the state will bypass the State's requirements to allow payment consideration up to the Senior Gold program payment amount.
- Claims reporting payments from other insurance will be exempt from All State prior authorization (PA) requirements for pharmacy services, **with the exception of severe drug-drug interactions.**
- In those situations in which (1) the pharmacy bills other insurance for the purpose of determining a subscriber's payment liability; (2) the payment response from other insurance is reflected as 100% co-pay amount; and (3) the payment is paid directly to the subscriber; these claims are exempt from the TPL requirements and should be billed to the State using an "Other Coverage Code" value of "4" (See other coverage codes below).
- Medicare-covered drugs, such as diabetic testing materials, immunosuppressive agents, and cancer drugs are exempt from Senior Gold Third Party Cost Avoidance procedures. DHSS recommends that pharmacists bill these services to Medicare. This will reduce a SG beneficiary's cost liability by about 30 percent.

TPL Error Codes

The State has established new TPL Error codes to support the processing of payments from other insurance on pharmacy claims. These Error codes are described in the table below. These codes may be used to determine if the appropriate "Other Coverage code" value is being reported on a Pharmacy Claim. Certain codes are for State-use only and are intended for reporting purposes only.

ERROR CODE	DESCRIPTION/PURPOSE
885	Non-participating pharmacy providing service with PA
886	Recipient has no other insurance coverage on file. However, an Other Coverage code of "1" was inappropriately reported on the claim. The previous claim was not denied by Error code 893
892	No insurance coverage known to the State, but insurance payment received by provider
893	Claim is denied because the State has other insurance coverage on file.
894	Pharmacist reported Other Coverage code of "1"
895	Payment reported/not reported based on the Other Coverage code value reported on the claim.
896	No other insurance payment reported on claim, but pharmacist reported an Other Coverage code of "2".

Other Coverage Codes

Pharmacists are familiar with the reporting of certain override codes used to process pharmacy claims. For example, an override code is often used to bypass early refill limits applied by pharmacy benefit managers.

Similarly, the NCPDP claim format used by pharmacists to process POS claims also provides a field for certain "Other Coverage" code values. The State has adopted NCPDP-accepted values to be reported by pharmacists when other insurance payments are being reported on claims or exceptions exist that would allow these claims to be considered for payment without a TPL payment being reported. These "Other Coverage" code values are listed in the table below.

For example, a value has been adopted to allow payment by the State when the pharmacist receives information from a patient who no longer has other insurance coverage.

OTHER COVERAGE CODE VALUES	DESCRIPTION
0	Pharmacist is not aware of other insurance coverage and no further intervention required.
1	Beneficiary indicates no other insurance coverage and the claim were previously denied for Error code 893. Error code 893 denies claims when the State is aware of other insurance coverage.
2	Other insurance coverage exists and a payment amount is being submitted on this claim.
3	Other insurance coverage exists, but drug product is not covered by other insurance.
4	Other insurance coverage exists, but the other insurance claim can not be processed electronically or payment reflects 100%copayment liability of the subscriber.

IMPORTANT NOTE:

- In order to capture the co-payment and cost share amounts collected from other insurance or plan of assistance, it is essential that pharmacies follow the TPL-cost avoidance procedure.
- If prescription coverage for the Senior Gold beneficiary is provided by an insurance plan in which the pharmacy does not participate, then a pharmacy claim can not be submitted to the State. In these cases, the non-participating pharmacy must request prior authorization (PA) from First Health Services to provide a pharmacy service. First Health can be contacted at 1-877-266-3589.

PLEASE NOTE: Pharmacies currently report a value of "1" in the first position of the "PA/MC code and number" field (NCPDP Field NO. 416) in addition to a "0" in the second position to ensure proper placement of PA number in this field. For Senior Gold, 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.

The Department of Health and Senior Services (DHSS) will closely monitor the reporting of other coverage values to ensure that these values are not used to avoid the reporting of other insurance payments on pharmacy claims.

If you have any questions concerning this Newsletter, please contact Unisys at 1-800-776-6334, or the Senior Gold Pharmaceutical Consultant, at (609)-631-4887.

Attachment (Pharmacies only)

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