
Senior Services News

A Newsletter
Published by the
N. J. Department of Health & Senior Services
Division of Senior Benefits and Utilization
Management

Volume 5 Number 9

December 2001

- TO:** Providers of Pharmaceutical Services, Physicians, Dentists, Podiatrists, Certified Nurse Practitioners/Clinical Nurse Specialists and Optometrists
– **For Action**
Independent Clinics and Health Maintenance Organizations
– **For Information**
- SUBJECT:** Enactment of the Pharmaceutical Assistance to the Aged and Disabled Medicare Recovery Initiative with regard to Participating Pharmacy Providers and Prescribers.
- EFFECTIVE:** For claims with service dates on or after February 1, 2002.
- PURPOSE:** To inform providers of pharmaceutical services of Pharmaceutical Assistance to the Aged and Disabled (PAAD) beneficiaries concerning PAAD's Medicare Recovery Initiative pursuant to P.L.2001, c. 130.
- ACTION:** Pharmacy providers must comply with the Medicare Reimbursement requirements of Medicare Part B (DMEPOS) suppliers and submit a completed EDI enrollment form in order to continue their participation in the PAAD and Senior Gold Programs. Please note that pharmacies not complying with the above noted provisions will be suspended as participating providers in the PAAD and Senior Gold programs.

Medicare recovery procedure:

PAAD will act as the billing agent of its pharmacy providers and bill Medicare for dually eligible claims so that PAAD may recover the cost of claims that are covered under both PAAD and Medicare Part B.

1. The prescription claim is sent electronically to PAAD by the pharmacy in accordance with the standards established by PAAD and in a manner similar to any other PAAD on-line prescription. Only the \$5.00 PAAD copayment is to be collected from the beneficiary.
2. PAAD will process the claim and make payment to the pharmacy in accordance with the usual PAAD procedures.
3. EDI Enrollment allows PAAD to act as the billing agent for its pharmacy providers to bill Medicare for dually eligible claims covered under both PAAD and Medicare Part B.

4. PAAD will translate the claim information from the National Council for Prescription Drug Programs (NCPDP) format used by Unisys into the National Standard Format (NSF) and forward the claim electronically to the Durable Medical Equipment Regional Carrier (DMERC) Region A for processing and payment by Medicare.
5. Medicare makes payment of its allowable amount to the pharmacy, minus any applicable co-insurance payment, and sends a copy of the remittance advice to PAAD.
6. Based upon the Medicare remittance advice, PAAD recaptures the Medicare payment from the pharmacy on subsequent billing cycle(s) and provides claim-specific recapture information on subsequent remittance advice statements with EOB '879' (Medicare/PAAD claim adjustment).

Obligations of the pharmacy supplier:

1. Medicare regulations require a diagnosis code on the original order from the physician. The only permissible representation of diagnosis is an ICD-9 code. You can obtain a telephone prescription with verbal diagnosis but this must be followed up with a written order from the doctor for you to maintain on file in case of a Medicare audit.
2. Prescriptions written for insulin dependent diabetic patients are required to indicate the appropriate ICD-9 code with the ZX modifier added to it. Prescriptions written for non-insulin dependent diabetics should have the KS modifier added to the ICD-9 code.
3. Medicare regulations require a new written prescription every six months indicating the diagnosis as an ICD-9 code with the appropriate modifier. If the modifier is absent, the physician should be contacted to obtain this information.

Billing Procedure:

1. When a pharmacist processes a claim for a Medicare covered drug, the point of sale (POS) system will post edit '444' along with edit '423' (short description of edit '444' is "Medicare covered drug diagnosis code required, edit '423' reads "Prior authorization required call FHS") prompting the pharmacist to contact First Health Services to get the prior authorization number.

See attachment for the list of Medicare covered drugs, which will deny with error code 444/423.

2. First Health Services will request the ICD-9 code (diagnosis code) from the pharmacist as written on the prescription.
3. If the ICD-9 is not available, FHS will call the prescriber and request the physician's office to mail a new written prescription with the diagnosis code back to the pharmacy. FHS will call the pharmacy back with the PA number and ICD-9 code received from the prescriber.

PAAD and its contract vendors maintain strict confidentiality measures with regard to beneficiary and claims records. These measures will continue for the Medicare recovery program as for all other PAAD operations.

For further information:

Any questions or comments concerning these requirements may be directed to the Medicare Reimbursement Unit (MRU) at 609-588-7146.

Check the Department of Health and Senior Services' web site at www.state.nj.us/health/seniorbenefits/index.html or www.NJMMIS.com for information concerning the Medicare recovery initiative - including copies of PAAD rules, past newsletter editions, and links to Medicare forms and resources.

Pharmacies may also refer to the following newsletter editions for further information on the Medicare recovery program:

Senior Services News, July 2000 (Volume 4, Number 2);

Senior Services News, August 2000 (Volume 4, Number 4);

Joint Newsletter of the Division of Medical Assistance and Health Services (NJ Dept. of Human Services) and the Division of Senior Affairs (NJ Dept. of Health and Senior Services), October 2000 (Volume 10, Number 79);

Senior Services News, May 2001 (Volume 5, Number 2), and

Senior Services News, August 2001 (Volume 5, Number 8).

Medicare-Covered Drugs for PAAD Reimbursement Program
November 2001

Oral Cancer Drugs

ALKERAN 2 MG TABLET
CYTOXAN 25MG TABLET
CYTOXAN 50 MG TABLET
METHOTREXATE 2.5 MG TABLET
MYLERAN 2MG TABLET
NEOSAR 100MG VIAL
NEOSAR 1GM VIAL
NEOSAR 200MG VIAL
NEOSAR 2GM VIAL
NEOSAR 500MG VIAL
VEPESID 50MG CAPSULE
XELODA 150MG TABLET
XELODA 500MG TABLET
ZENAPAX 5MG/ML VIAL

Diabetic Supplies

DIABETIC TEST STRIPS
LANCETS

Ant-Emetic Drugs

KYTRIL 1MG TABLET

Immunosuppressive Drugs

AZATHIOPRINE 50MG TABLET
CYCLOSPORIN 100MG SOFTGEL
CYCLOSPORIN 25MG SOFTGEL
CYCLOSPORIN 50MG/ML VIAL
IMURAN 100MG VIAL
IMURAN 50MG TABLET
NEORAL 100MG/ML SOLUTION
PROGRAF 1MG CAPSULE
PROGRAF 5MG CAPSULE
PROGRAF 5MG/ML AMPULE
RAPAMUNE 1MG/ML ORAL SOLUTION

Solutions for Nebulizers

ALBUTEROL 0.83MG/ML SOLUTION
ALUPENT 4% SOLUTION
ALUPENT 5% SOLUTION
ATROVENT 0.02% SOLUTION
IPRATROPIUM BR 0.02% SOLUTION
METAPROTERENOL 4% SOLUTION
METAPROTERENOL 5% SOLUTION

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