



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

NEWSLETTER

Volume 6 No. 15

April 1996

TO: Providers of Pharmaceutical Services

SUBJECT: Follow-up Information Regarding the State-operated Point of Sale (POS)/Prospective Drug Utilization Review (PDUR) System

EFFECTIVE: Claims with Service Dates on or after July 1, 1996

BACKGROUND: This Newsletter is a follow-up to the Division's initial Newsletter, Volume 6, Number 10, dated March 1996, which describes the intentions of the New Jersey Division of Medical Assistance and Health Services (DMAHS) to implement a State-operated POS/PDUR claims processing system. The initial Newsletter indicated that this new system will apply to Medicaid fee-for-service pharmacy claims with service dates on or after March 18, 1996, and that a pharmacy's participation in the new claims processing system is voluntary. The State would continue to accept paper claims, and Electronic Media Claims (EMC). Further, the State indicated that all claims with these service dates, regardless of the method of submission, would be processed as if they were received through the POS system, which could result in differences in claim adjudication. Pharmaceutical service arrangements through HMO provider contract will remain unchanged.

In order to ensure a smooth transition from the current claims processing system to the new POS/PDUR system, it is important for pharmacies to understand the following:

- (1) DMAHS is aware that there are many considerations which must be formalized by individual pharmacies to ensure their ability to participate in the new State-operated claims processing system. These decisions may require, in part, completing any necessary agreements with the State of New Jersey, as described in the Division's initial Newsletter, responses by pharmacies to marketing announcements from telecommunication networks approved by the State, and in some cases, the need to communicate with software vendors to modify current software programs. In view of the need for these activities, the State has established a transition period to ensure that pharmacies have the time necessary to make these decisions, and to complete any required system

modifications. It is the goal of DMAHS to encourage all pharmacies to participate in the POS/PDUR claims processing system, and to minimize any potential difficulties related to these decisions. The Division intends to monitor the preparedness of pharmacies to participate in this system, and closely monitor edit dispositions, notifying pharmacies of their change prior to those changes being implemented.

(2) The March 18, 1996, implementation date refers to (a) the adoption of State regulations required to support the State-operated POS/PDUR system; (b) an operational date indicating that the State's fiscal agent is prepared to initiate required testing and approvals of telecommunication networks which indicate their willingness to participate in the new claims processing system; and (c) an announcement to pharmacies currently participating in the New Jersey Medicaid program that they should begin considering the steps necessary to prepare for their participation in this new system.

(3) The State anticipates that as telecommunication networks receive approvals from DMAHS, they will begin to solicit pharmacies for their enrollment. Pharmacies should seriously consider these requests taking into consideration such factors as customer services, relative claim costs, and any software support which may be available or necessary.

(4) **It is important to note that the State shall terminate the availability of eligibility information to the current vendor-sponsored POS/PDUR system provided by Blue Cross/Blue Shield of New Jersey on or about July 1, 1996. The transition period between March 18, 1996, and July 1, 1996, should provide pharmacies with the time necessary to complete any required programming modifications.**

ACTION: As indicated in the Division's initial Newsletter, the State-operated POS/PDUR system shall utilize the current NCPDP, Version 3.2C claim format. A similar format is currently used by pharmacies to transmit claim data to commercial pharmacy benefit carriers, including, but not limited to, Paid Prescription Services and PCS. However, some programming changes will be necessary to accommodate minor differences in required data element fields for both claim transmission and the receipt of adjudicated claim responses from the State. A detailed Installation Guide has been distributed by the State to known software vendors. **If a software vendor associated with your pharmacy requires an Installation Guide, the vendor may contact Unisys Provider Services directly at 1-800-776-6334.**

IMPORTANT INFORMATION

(1) As a component of rejected claim responses, the POS/PDUR system will provide Error Code information using the same three (3)-digit Error Codes currently reported on Remittance Advice (RA) statements. Where possible, the Division will crosswalk these codes to Error Codes currently available in the NCPDP, Version 3.2C claim format. To avoid the numeric presentation of all other Error Codes in your POS/PDUR response, the services of your software vendor will be required.

(2) The prospective review of pharmacy claims performed by the State-operated POS system, which shall apply to all pharmacy claims, regardless of the method of submission, will monitor paid claims to determine if duplicate pharmacy services have been provided on the same date of service by the same or a different pharmacy. This review will also identify the early replacement of prescriptions, whether provided by the same or a different pharmacy. In each of these situations, the claim will be denied by the Medicaid and/or PAAD programs. For early replacement prescriptions, a written explanation must be attached to a paper claim, as described in the Medicaid Newsletter Volume 5, No. 36, dated July 1995, to request a consideration of payment for these claims from the State.

(3) All claims processed by the State-operated POS system, regardless of the method of submission, shall be subject to a Prospective Drug Utilization Review (PDUR) by the State. This review, based on reference information provided by First Data Bank (FDB), will assess paid claims data to determine the potential for drug-drug interactions, drug-age conflicts, and drug-pregnancy conflicts. In addition, these claims will be monitored to determine if the dosage and duration of use for a prospective drug claim are within Drug Utilization Review (DUR) standards approved by the State. Currently, this information is being provided to pharmacists to assist them with their review of drug utilization, and to support their interventions with beneficiaries and prescribers.

(4) For some covered pharmacy services, pharmacies must request Prior Authorization (PA) from the local Medicaid District Office (MDO). In those situations in which PA has been requested by a pharmacy, and a PA number has not been issued prior to the need to provide a service requiring PA, the Division will reimburse pharmacies for up to a 72-hour supply of medication. Such reimbursement may be continued until a PA number for the service has been issued by the local MDO.

(5) Pharmacy claims for compounded prescriptions may be transmitted through the State-operated POS system, or submitted as paper or EMC claims. As is common to commercial on-line POS systems, reimbursement for compounded prescriptions shall be based on the most costly ingredient included in the

compound. The NDC number of this ingredient, the metric quantity of the entire compounded product, and a positive value for the compound indicator must be transmitted in the approved claim format through the POS/PDUR system. **It is important to note that (a) reimbursement for compounded prescriptions shall continue to be based on those regulations described in N.J.A.C. 10:51-1.8, and (b) all compounded prescriptions submitted as paper or EMC claims shall be subject to a PDUR.**

(6) Pharmacy inquiries related to the POS/PDUR claims processing system are to be directed as follows:

For questions regarding POS/PDUR responses, please contact Unisys Provider Services at 1-800-776-6334.

For technical questions related only to the telecommunications network, please contact Unisys during normal business hours at (609) 588-6113.

For questions related to State policy, or this Newsletter, please contact the Chief of Pharmaceutical Services at (609) 588-2724.

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