



Senior Services News

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TO: Providers of Pharmaceutical Services

SUBJECT: **Pharmaceutical Assistance to the Aged and Disabled (PAAD)
Third Party Liability Payments**

EFFECTIVE: Claims with service dates on or after May 1, 2004

PURPOSE: To notify providers of pharmaceutical services of decisions by the New Jersey Department of Health and Senior Services (DHSS) to require providers to: (1) submit PAAD claims covered by other insurance carriers to those carriers before submitting these claims to PAAD for payment consideration; and (2) report all payments made by other insurance carriers on claims submitted to the PAAD program.

PAAD requirements for processing drugs and diabetic supplies covered by Medicare are not affected by this Third Party Liability (TPL), policy change. Procedures for submitting claims to PAAD for Medicare-covered drugs are described in a separate Newsletter.

BACKGROUND: Currently, providers of pharmaceutical services are not required to bill other insurance carriers prior to billing PAAD. Due to changes in the marketplace, it is no longer cost-effective for the State to "pay and chase" payments for these services. As a result, the State is changing its policy to require pharmacies to submit claims to other insurers, and to report payments available from other insurers, for pharmacy benefits on Point of Sale (POS), claims.

ACTION: **For claims with service dates on or after April 6, 2004, pharmacies must submit claims eligible for other pharmacy benefit coverage to the primary insurer prior to submitting a POS claim to Unisys, the State's fiscal agent.**

1. For beneficiaries about whom the State has other insurance information on file, POS claims for these beneficiaries will be denied payment unless payment received from other insurance is reported in the **NCPDP field** defined as **Other Payer Amount Paid**, identified as NCPDP #431-DV, in the Coordination of Benefits (COB)/Other Payments Segment of the NCPDP 5.1 format; **or** in the "**Other Insurance**" field on a **MC-6 pharmacy claim form**; **or** an appropriate "**Other Coverage Code**" (#308-C8) value is reported on the claim (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; however, a TPL payment amount and Other Coverage Code in the appropriate POS fields must be completed. MC-6 claim forms may be requested by contacting Unisys Provider Services at 1-800-776-6334.

Note that compound drug claims are accepted only by POS.

2. The State's POS response will identify the Plan Sponsor for those other coverages that are known to provide pharmacy benefit coverage. However, the provider is responsible for obtaining specific information, including the identity of the insured's pharmacy benefit manager, subscriber identification number, group number and person number, from the beneficiary.

3. Claims covered by other insurance which have different prescription refill or days supply requirements from those of the State will bypass the State's requirements to allow **payment consideration up to the PAAD payment amount.**

4. 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.**

5. In those situations in which the pharmacy bills other insurance for the purpose of (1) determining a subscriber's payment liability; (2) the payment response from the other insurance is reflected as a 100% copayment amount; and (3) payment is paid directly to the subscriber; the claims are exempt from these TPL requirements and should be billed to the State using the Other Coverage Code value of "08" (see Other Coverage Codes below).

6. **Pharmacies are required to continue collecting the PAAD copayment of \$5.00, unless the drug cost or copayment amount required by the other insurer is less than \$5.00.**

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
886	Beneficiary 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 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 code values to process pharmacy claims. For example, an override value 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. These "Other Coverage Code" values are listed in the table below.

Other Coverage Codes (#308-C8)
00 = Not specified; pharmacist unaware of insurance coverage
01 = No other coverage; Pharmacist unaware of insurance coverage
02 = Other coverage exists – payment collected, TPL payment reported on claim
03 = Other coverage exists – claim not covered; drug product not covered by carrier
04 = Other coverage exists – payment not collected because other insurance claim can not be processed electronically
05 = Managed care plan denial
06 = Other coverage denied – not participating provider
07 = Other coverage exists, not in effect on DOS
08 = Claim is billing for copay; payment reflects 100% copayment

Pharmacists are required to report up to three (3) **Other Payer ID (#3Y0-7C)** codes for the other insurers which may have provided payment(s) for a pharmacy claim.

Pharmacy Benefit Manager	Accepted Other Payer ID Codes
Advance PCS	ADV
Aetna/USHC	AET
CareMark	CAR
Cigna	CIG
Express Scripts	EXP
FirstHealth	FIR
Merck-Medco (PAID)	PAI
NPA	NPA
PCS	PCS
ProServ	PRO
TriCare	TRI
Restat	RES
United Health Services	UHS
Well Point	WEL
Other	OTH

If you have any questions concerning this Newsletter, please contact the PAAD program toll free at 1-800-792-9745, or the PAAD Pharmacy Consultant at (609) 631-4887. To report changes in insurance coverage to the State, please have the customer contact the PAAD program toll-free at 1-800-792-9745.

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