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Medicaid Alert

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TO: Providers of Pharmaceutical Services - **For Action**
Health Maintenance Organizations - **For Information Only**

SUBJECT: **Customer Location**

EFFECTIVE: Claims with service dates on or after April 1, 2002

PURPOSE: To notify providers of pharmaceutical services of new point-of-sale (POS) billing procedures for reporting pharmaceutical services provided to Medicaid beneficiaries residing in Assisted Living Residences (ALRs) and Comprehensive Personal Care Homes (CPCHs).

BACKGROUND: The Customer Location Field, otherwise known as NCPDP Field Number 307 in the POS-NCPDP claim format, is currently valued (i.e. values 1-11) by providers of pharmaceutical services when reporting the location of Medicaid beneficiaries receiving pharmaceutical services. Values 2, 3, 4, and 7 are currently reported to identify pharmacy services provided in nursing facilities. All other values represent services provided to beneficiaries located in the community and provided by retail pharmacy. NCPDP Field No. 307 is unique to the POS claim format and is not found as part of the EMC or paper claim format.

When the service location is reported as a nursing facility, Medicaid reimbursement for pharmaceutical services is the lower of a provider's usual and customary charge or a drug's Average Wholesale Price (AWP) less ten (10) percent for drug acquisition costs plus a nursing facility capitation fee. For Pharmaceutical Assistance to the Aged and Disabled (PAAD) and Senior Gold (SG) claims, reimbursement consists of AWP less 10 percent plus a retail pharmacy's dispensing fee. In addition, unit-dose drugs available in original manufacturer packages are eligible for reimbursement by the State when provided in nursing facility settings.

DMAHS is announcing a new billing procedure for the Customer Location Field reported on POS claims to provide coverage and reimbursement for unit-dose and/or unit-of-use drug distribution systems and a dispensing fee for services provided in Assisted Living Residences (ALRs) and Comprehensive Personal Care Homes (CPCHs).

ACTION: Effective for claims with service dates on or after April 1, 2002, the following shall be considered acceptable values for the Customer Location, NCPDP Field No. 307:

Acceptable Value	Description
01	Home
02	Intermediate Care Facility
03	Nursing Facility
04	Long Term/Extended Care
05	Rest Home
06	Boarding Home
07	Skilled Nursing Facility
08	Sub-Acute Care Facility
10	Out Patient
11	Hospice

- 1) Providers of pharmaceutical services must report a Customer Location value of 01, 05, 06, 10 or 11 to reflect pharmaceutical services provided in the retail setting.
- 2) Providers of pharmaceutical services must report a Customer Location value of 02, 03, 04, and 07 to reflect pharmaceutical services provided in “long-term-care” facilities, including Intermediate Care, Nursing, Long Term/Extended Care and Skilled Nursing facilities, respectively.
- 3) **Providers of pharmaceutical services must report a Customer Location value of “08” (Sub-Acute Care Facility) to reflect pharmaceutical services provided in ALRs and CPCHs. Use of Customer Location value “08” is limited to POS claims processing.**

IMPORTANT NOTE: Since the Customer Location Field does not exist in the EMC or paper claim format, pharmacies must request reimbursement for pharmaceutical services provided in ALRs or CPCHs as **POS claims ONLY.**

- 4) Providers of pharmaceutical services will continue to receive Medicaid reimbursement for drug acquisition costs at AWP less 10 percent for drugs dispensed to residents in long-term-care facilities, such as Intermediate Care, Nursing, Long Term/Extended Care, Skilled Nursing, and Sub-Acute Care facilities, **including Assisted Living Residences and Comprehensive Personal Care Homes.**

- 5) Providers of pharmaceutical services will continue to receive a nursing facility capitation fee for drugs dispensed to residents in long-term-care facilities, including Intermediate Care, Nursing, Long Term/Extended Care and Skilled Nursing facilities based on the level of service. **A retail pharmacy's dispensing fee, as described in N.J.A.C. 10:51-1.7, shall be reimbursed by Medicaid for POS provided to residents in ALRs and CPCHs.**
- 6) Customer Location values of 02, 03, 04, 07, **and 08** will allow Medicaid coverage and reimbursement for unit-dose drugs available in original manufacturer packages. **Customer Location value "08" must be reported as part of a POS claim.**
- 7) Customer Location values of 01, 05, 06, 10 or 11 will continue to allow Medicaid, PAAD, and SG reimbursement for community or retail pharmacy prescriptions at AWP less 10 percent plus a retail pharmacy's dispensing fee.

If you have any questions regarding this Alert, please do not hesitate to contact the Chief, Pharmaceutical Services, DMAHS, at (609) 588-2724.

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