



State of New Mexico
Medical Assistance Program Manual
Supplement



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TO: ALL PHARMACY PROVIDERS AND MAD STAFF
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SUBJECT: CHANGES RELATED TO MEDICARE PART D IMPLEMENTATION

Overview

Effective January 1, 2006, the Centers for Medicare and Medicaid (CMS) is implementing the new Medicare prescription drug coverage, also known as Medicare Part D. Individuals who have a pharmacy benefit under Medicaid and are also Medicare beneficiaries (also known as “*full benefit dual eligibles*”) will receive their pharmacy benefit from a Medicare Part D Prescription Drug Plan.

Individuals entitled to receive Medicare and who receive full Medicaid benefits are eligible for Medicare Part D. Full benefit dual eligibles were automatically assigned into a Medicare Prescription Drug Plan (PDP) in October 2005. These individuals can choose a PDP on their own beginning November 15, 2005. If they do not choose a plan they will be enrolled into their preliminarily assigned plan. Medicare will pay for the majority of prescription drugs for these individuals.

Medicare Part D Covered Drugs

If a drug or item meets the definition of “Medicare Part D drug”, it can only be obtained through a Part D plan. Medicare drug plans will cover brand and generic drugs as follows:

- Prescription drugs;
- Biological products;

- Insulin as described in specified paragraphs of *section 1927(K)* of the *Medicare Modernization Act*;
- Medical supplies for injection such as syringes, needles, alcohol swabs, and gauze; and
- Vaccines licensed under *section 351* of the *Public Health Service Act*. Vaccines not covered by Medicare Part B that are determined to be medically necessary are covered under Medicare Part D.

Drug formularies are lists of specific drugs covered by a Medicare PDP. Each PDP will have its own formulary. New Mexico Medicaid *will not* track individual PDP formularies. Providers can contact the individual PDP or visit www.medicare.gov to view/obtain the formularies. A PDP must provide at least 60-day notice to providers and clients before removing a drug from its formulary.

With the implementation of Medicare Part D, new electronic transaction capabilities will be available to pharmacies. These offer pharmacies the ability to submit eligibility inquiries without the need to fill a prescription and to bill payers supplemental to Medicare. This new NCPDP functionality is also known as “E1 transaction”. If this does not appear to be available on your pharmacy computer system, please contact your pharmacy software vendor immediately for configuration, instructions and testing assistance.

Medicare Excluded Drugs

Starting January 1, 2006, New Mexico Medicaid cannot pay for Medicare-covered prescription drugs for full benefit dual eligibles, the Medicare PDP deductibles, non-formulary covered drugs, or co-payments.

In *section 1860D–2(e)(2)* of the *Medicare Modernization Act*, the definition of covered Medicare Part D drugs specifically excluded the following drugs or classes of drugs, or their medical uses, with the exception of smoking cessation agents:

- Drugs for anorexia, weight loss, or weight gain;
- Drugs used to promote fertility;
- Drugs used for cosmetic purposes or hair growth;
- Drugs used for the symptomatic relief of cough and colds; and
- Nonprescription drugs.

Medicare Part D also excludes the following items. However, the PDPs may choose to cover these drugs for their members:

- Prescription vitamins and mineral products, except prenatal vitamins and fluoride preparations;
- Outpatient drugs for which the manufacturer seeks to require that associated tests or monitoring services be purchased exclusively from the manufacturer or its designee as a condition of sale;
- Barbiturates, and
- Benzodiazepines.

Medicaid will provide coverage for drugs excluded from coverage under Part D only to the extent that Medicaid covers the excluded drug items for full benefit Medicaid recipients who are not dual eligibles. Pharmacy claims for dual eligibles are paid or denied based on the covered benefits determined by New Mexico Medicaid policy.

Excluded Drugs – Claims Processing to NMRx and Value Options

New Mexico Medicaid and its contractors will provide coverage of Part D “Excluded Drugs” as follows:

NMRx

If a dual eligible is in the NMRx Preferred Drug List (PDL) Pharmacy Program and the prescription is written by a physical health prescriber --- the PDL contractor will cover excluded drugs to the same extent and manner as under the current PDL.

Submit these claims to

Group ID: Presbyterian

Group Name: PHS

Processor Control Number: SXC

Bin Number: 610593

Value Options

If a dual eligible’s prescription is from a behavioral health prescriber, the Behavioral Health Statewide Entity will cover excluded drugs to the same extent and manner as under their current PDL.

Submit claims to ValueOptions of New Mexico

Group ID: VONM

Processor Control Number: RXINMMPD

Bin Number: 007417

Excluded Drugs – Claims Processing to FFS Medicaid

For a full benefit dual eligible that is not in NMRx and the prescription for a Medicare Excluded drug is from a physical health prescriber, see below. (Most commonly these are recipients approved for nursing homes stays, and for all prescriptions dispensed by Indian Health Service and Tribal pharmacies).

VERY IMPORTANT INFORMATION!!!

- Pharmacy claims for Medicare Part D Covered Drugs for full benefit dual eligibles are denied due to Medicare coverage. The pharmacy must bill Medicare. Medicaid will not make payment.

- A message will be used beginning January 1, 2006, for full benefit dual eligibles when the claim is being denied because the drug is not a Medicare D Excluded drug and therefore the PDP formulary is expected to cover the drug or an equivalent. Medicaid will not cover the drug item. PDCS will post **NCPDP rejection code 70, “Not covered – Please try Medicare D.”**
- Pharmacy claims for Medicare Excluded Drugs for full benefit dual eligibles that are denied unless the pharmacy indicates on the claim Medicare has denied the item or the other coverage code is “3”.
 - A new message will be reported to pharmacies beginning January 1, 2006, for full benefit dual eligibles. This message means the claim for a Medicare Excluded Drug is being denied because the pharmacy did not indicate that the recipient’s Medicare PDP does not cover the drug and no Medicare denial information was reported on the claim. PDCS will post **NCPDP rejection code 41, “Submit Bill to Other Processor”**, with the following message: **“Please verify coverage with the client’s Part D plan.”**
 - PDCS will only pay the Excluded Part D drug claim for a client when the pharmacy has done one of the following:
 - Coded a “3” in the Other Coverage Code field 308-C8. *This coverage code must be used when the Pharmacy has knowledge that the drug item is not on the clients PDPs formulary, is a Medicare Excluded Drug, and there was no need to be Medicare.*
 - Entered a “\$0” in the 431-DV Other Payer Paid field and a reject code in the 472-6E Other Payer Reject Code field showing the Part D Payer has denied the claim. *This action takes place when the pharmacy billed the excluded Part D drug claim to the client’s PDP and received a denial.*
- There will be no crossover pharmacy claims for Medicare Part D.
- Medicaid will not pay for a drug that is excluded from a PDP formulary, the drug **must** be excluded from Medicare.

Medicaid Pharmacy claims for Medicare Part D Excluded Drugs

Submit claims to:

Plan Name: New Mexico Medicaid (also referred to as “straight Medicaid”, PDCS, ACS and Consultec)

BIN Carrier: 610084

Medicare B vs. Medicare D

Medicare currently covers a small group of medications under Part B, delivered “*incident to MD service*”. These include:

- DME supply drugs (e.g., inhalation drugs for nebulizers, chemotherapy medication for infusion pumps)
- Immunosuppressant drugs received for a Medicare-covered organ transplant
- Hemophilia clotting factors
- Oral anti-cancer drugs
- Oral anti-emetic drugs
- Pneumococcal, Hepatitis B and influenza vaccine
- Antigens (e.g., allergy shots)
- Erythropoietin for treatment of anemia for patients in end stage renal disease (ESRD) on dialysis
- Parenteral nutrition
- Intravenous Immune Globulin (IVIG)

The Medicare Modernization Act mandates that Part B covered drugs cannot be billed under Part D. With the exception of blood clotting factors, antigens and vaccines, all other Part B covered medications can be included under Part D formularies when being used for other than the Medicare Part B covered use (e.g., an immunosuppressant used for psoriasis). **Pharmacists should continue to bill Part B drugs to Medicare as usual after January 1.** Covered Part D drugs will be billed through prescription drug plans (PDPs) or Medicare Advantage prescription drug plans (MA-PDs).

- CMS has provided guidance on this issue with the following scenarios for Medicare Part B (please see for additional guidance <http://www.cms.hhs.gov/medicarereform/pharmacy/hottopics.asp#bvd>).

Helpful Resources

Medicare – The Medicare prescription drug coverage is a federal program administered by CMS

- 800-Medicare (800-633-4227)
- *Medicare & You* 2006 Handbook
- Medicare Part B vs. Part D information at <http://www.cms.hhs.gov/medicarereform/pharmacy/hottopics.asp#bvd>
- www.medicare.gov

New Mexico State Health Insurance Information Program (SHIP) – for client assistance
Aging and Long Term Services Department – Resource Center
800-432-2080

Social Security Administration – for client questions on the “Extra Help” program
800-772-1213

ACS Help Desk – for confirmation of Part D enrollment
800-299-7304 x190 OR x194