The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Office of Medicaid
600 Washington Street
Boston, MA 02111

MITT ROMNEY
Governor

KERRY HEALEY
Lieutenant Governor

RONALD PRESTON
Secretary

BETH WALDMAN
Director

October 27, 2004

Dear Pharmacist,

As of October 15, 2004, MassHealth pays for over-the-counter (OTC) formulations of **ammonium lactate 12%**. OTC versions of 12% ammonium lactate does not require prior authorization (PA) and will be added to the list of nonlegend items for which MassHealth pays. PA will only be required for ammonium lactate 12% lotion and cream that require prescriptions.

As of November 1, 2004, **fluoxetine** *40 mg* capsules and fluoxetine 20 mg *tablets* will require PA. Many pharmacists had contacted us and suggested these changes because of the large price disparity between these products and the 20 mg capsules. We appreciate these suggestions and we welcome any other input that you have regarding program enhancements.

Several claims processing issues have come to our attention:

1. The ACS help desk has been receiving many calls from pharmacists asking if ACS could **reverse claims** for the pharmacies. Every pharmacy that is using software compliant with the NCPDP 5.1 format should be able to reverse its own claims. If you are having problems with the claim reversal process, you should contact your software vendor or your own information services resource**.** We know that in rare instances the only way to reverse a claim is through ACS, and you may contact the help desk (1-866-246-8503) for assistance in those rare occasions.

2. Please remember that when a PA is issued for a drug, only prescriptions with a fill date on or after the approval date will be paid. If a PA is issued for a drug on 9/20/2004, we cannot pay for a claim with a date of service of 9/18/2004. MassHealth has learned that some pharmacies have told members that they will be reimbursed by pharmacies for prescriptions that they pay cash for while waiting for a drug to be approved. MassHealth regulations specifically prohibit that practice: "No provider may solicit, charge, receive, or accept any money, gift, or other consideration from a member, or from any other person, for any item or medical service for which payment is available under MassHealth, in addition to, instead of, or as an advance or deposit against the amount payable" by MassHealth. See 130 CMR 450.203.

3. When MassHealth is a secondary insurer, pharmacists must ensure that they properly use Other Coverage Codes (NCPDP field 308). The codes are as follows:

   02 - Other coverage exists - payment collected
   03 - Other coverage exists - claim not covered
   04 - Other coverage exists - payment not collected
   07 - Other coverage exists - not in effect on Date of Service
   08 - Claim is billing for copay

   Use **Code 04** only when on-line adjudication from the primary insurance is not available. When a pharmacist is notified of the claim status from the primary insurer, the pharmacist should reverse and resubmit the claim with the correct "Other Coverage" code. MassHealth automatically reverses Other Coverage 04 claims 90 days after the bill date.

Use **Code 02** only when the primary insurer has made a payment. Enter the amount that the pharmacy has collected from the primary insurer in the "Other Payer Amount" field. There is never a valid reason to enter an amount that has not been collected in this Other Payer Amount field.

Use **Code 03** when the primary insurer has denied the claim. There are two situations when Code 03 is *inappropriate* to use:

  1 - If a pharmacist receives a prescription for a primary insurer's non-preferred drug, the pharmacist must first attempt to obtain a valid prescription for that preferred agent. For example, if a MassHealth member presents a prescription for Protonix, and the preferred agent for the primary insurer is Prevacid, the pharmacy must first contact the prescriber to obtain a prescription for Prevacid and bill MassHealth as secondary.

  2 - If a pharmacist receives an error message telling stating that a drug is covered only at certain network pharmacies, the pharmacist must direct the member to that network pharmacy. The pharmacist cannot appropriately bill MassHealth using Other Coverage code 3.

When using **Code 03,** a pharmacist must enter an **Other Payer Reject Code** (NCPDP field 472-6E). The valid codes are as follows:

60 - Product/Service Not Covered For Patient Age
61 - Product/Service Not Covered For Patient Gender
63 - Institutionalized Patient Product/Service ID Not Covered
65 - Patient Is Not Covered
66 - Patient Age Exceeds Maximum Age
67 - Filled Before Coverage Effective
68 - Filled After Coverage Expired
69 - Filled After Coverage Terminated
70 - Product/Service Not Covered
71 - Prescriber Is Not Covered
76 - Plan Limitations Exceeded
AA - Patient Spend down Not Met

Use **Code 08** when billing 100% of the third party payer's copay to MassHealth. For example, when a member has a $10.00 copay with his or her primary insurer and receives a prescription with a total cost of $7.00, the pharmacy bills MassHealth for the full $7.00 using Code 08.

Complete TPL (third party liability) billing instructions are available from ACS.

If you have any questions concerning this correspondence please contact Victor Moquin of ACS at 617-423-9830.

Sincerely,

Paul L. Jeffrey, Pharm.D.
Pharmacy Director, MassHealth