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MASSHEALTH  
TRANSMITTAL LETTER PHY-103  
December 2004

**TO:** Physicians Participating in MassHealth  
**FROM:** Beth Waldman, Medicaid Director *BW*  
**RE:** *Physician Manual* (Revised Pharmacy Services Regulations)

This letter transmits revisions to the physician regulations about prescription drugs. These revisions allow refills of prescriptions for up to one year, prohibit pharmacies from automatically refilling prescriptions without a request from the member or caregiver, and make other clarifying changes.

MassHealth is removing Appendix L from the *Physician Manual*. Appendix L listed the nonlegend drugs that are covered by MassHealth. An up-to-date list of nonlegend drugs can be found at [www.mass.gov/druglist](http://www.mass.gov/druglist).

These regulations are effective January 1, 2005.

**NEW MATERIAL**

(The pages listed here contain new or revised language.)

**Physician Manual**

Pages vi and 4-29 through 4-32

**OBSOLETE MATERIAL**

(The pages listed here are no longer in effect.)

**Physician Manual**

Page vi — transmitted by Transmittal Letter PHY-97

Pages 4-29 and 4-30 — transmitted by Transmittal Letter PHY-95

Pages 4-31 and 4-32 — transmitted by Transmittal Letter PHY-98

Pages L-1 and L-2 — transmitted by Transmittal Letter PHY-101

<b>Commonwealth of Massachusetts Division of Medical Assistance Provider Manual Series</b>  PHYSICIAN MANUAL	<b>SUBCHAPTER NUMBER AND TITLE</b> TABLE OF CONTENTS	<b>PAGE</b> vi
	<b>TRANSMITTAL LETTER</b> PHY-103	<b>DATE</b> 01/01/05

## 6. SERVICE CODES

Introduction .....	6-1
Nonpayable CPT Codes.....	6-1
Codes That Have Special Requirements or Limitations .....	6-4
HCPCS Level II Service Codes .....	6-11
Modifiers .....	6-15
Appendix A. DIRECTORY .....	A-1
Appendix B. ENROLLMENT CENTERS .....	B-1
Appendix C. THIRD-PARTY-LIABILITY CODES .....	C-1
Appendix D. (Reserved)	
Appendix E. ADMISSION GUIDELINES .....	E-1
Appendix F. (Reserved)	
Appendix G. (Reserved)	
Appendix H. (Reserved)	
Appendix I. UTILIZATION MANAGEMENT PROGRAM .....	I-1
Appendix J. (Reserved)	
Appendix K. TEACHING PHYSICIANS .....	K-1
Appendix L. (Reserved)	
Appendix W. EPSDT SERVICES: MEDICAL PROTOCOL AND PERIODICITY SCHEDULE	
Appendix X. FAMILY ASSISTANCE COPAYMENTS AND DEDUCTIBLES.....	X-1
Appendix Y. REVS CODES/MESSAGES .....	Y-1
Appendix Z. EPSDT SERVICES LABORATORY CODES .....	Z-1

<b>Commonwealth of Massachusetts</b> <b>Division of Medical Assistance</b> <b>Provider Manual Series</b>  PHYSICIAN MANUAL	<b>SUBCHAPTER NUMBER AND TITLE</b> 4 PROGRAM REGULATIONS (130 CMR 433.000)	<b>PAGE</b> 4-29
	<b>TRANSMITTAL LETTER</b> PHY-103	<b>DATE</b> 01/01/05

433.441: Pharmacy Services: Prescription Requirements

(A) Legal Prescription Requirements. MassHealth pays for legend drugs, nonlegend drugs, and those medical supplies listed at 130 CMR 433.442(C) only if the pharmacy has in its possession a prescription that meets all requirements for a legal prescription under all applicable federal and state laws and regulations. Each prescription, regardless of drug schedule, must contain the prescriber's unique DEA number. For Schedule VI drugs, if the prescriber has no DEA registration number, the prescriber must provide the state registration number on the prescription.

(B) Emergencies. When the pharmacist determines that an emergency exists, MassHealth will pay a pharmacy for at least a 72-hour, nonrefillable supply of the drug in compliance with state and federal regulations. Emergency dispensing to a MassHealth member who is enrolled in the Controlled Substance Management Program (CSMP) must comply with 130 CMR 406.442(C)(2).

(C) Refills.

- (1) MassHealth does not pay for prescription refills that exceed the specific number authorized by the prescriber.
- (2) MassHealth pays for a maximum of 11 monthly refills, except in circumstances described at 130 CMR 433.441(C)(3).
- (3) MassHealth pays for more than 11 refills within a 12-month period if such refills are for less than a 30-day supply and have been prescribed and dispensed in accordance with 130 CMR 433.441(D).
- (4) MassHealth does not pay for any refill dispensed after one year from the date of the original prescription.
- (5) The absence of an indication to refill by the prescriber renders the prescription nonrefillable.
- (6) MassHealth does not pay for any refill without an explicit request from a member or caregiver for each filling event. The possession by a provider of a prescription with remaining refills authorized does not in itself constitute a request to refill the prescription.

(D) Quantities.

- (1) Days' Supply Limitations. MassHealth requires that all drugs be prescribed and dispensed in at least a 30-day supply, but no more than a 90-day supply, unless the drug is available only in a larger minimum package size, except as specified in 130 CMR 433.441(D)(2).
- (2) Exceptions to Days' Supply Limitations. MassHealth allows exceptions to the limitations described in 130 CMR 433.441(D)(1) for the following products:
  - (a) drugs in therapeutic classes that are commonly prescribed for less than a 30-day supply, including but not limited to antibiotics and analgesics;
  - (b) drugs that, in the prescriber's professional judgement, are not clinically appropriate for the member in a 30-day supply;
  - (c) drugs that are new to the member, and are being prescribed for a limited trial amount, sufficient to determine if there is an allergic or adverse reaction or lack of effectiveness. The initial trial amount and the member's reaction or lack of effectiveness must be documented in the member's medical record;
  - (d) drugs packed in such a way that the smallest quantity that may be dispensed is larger than a 90-day supply (for example, inhalers, ampules, vials, eye drops, and other sealed containers not intended by the manufacturer to be opened by any person other than the end user of the product);

<b>Commonwealth of Massachusetts Division of Medical Assistance Provider Manual Series</b>  PHYSICIAN MANUAL	<b>SUBCHAPTER NUMBER AND TITLE</b> 4 PROGRAM REGULATIONS (130 CMR 433.000)	<b>PAGE</b> 4-30
	<b>TRANSMITTAL LETTER</b> PHY-103	<b>DATE</b> 01/01/05

- (e) drugs in topical dosage forms that do not allow the pharmacist to accurately predict the rate of the product's usage (for example, lotions or ointments); and
- (f) products generally dispensed in the original manufacturer's packaging (for example, fluoride preparations, prenatal vitamins, and over-the-counter drugs).

(E) Prescription-Splitting. Providers must not split prescriptions by filling them for a period or quantity less than that specified by the provider. For example, a prescription written for a single 30-day supply may not be split into three 10-day supplies. MassHealth considers prescription-splitting to be fraudulent. (See 130 CMR 450.238(B)(6).)

433.442: Pharmacy Services: Covered Drugs and Medical Supplies

(A) Drugs. The MassHealth Drug List specifies the drugs that are payable under MassHealth. In addition, MassHealth pays only for legend drugs that are approved by the U.S. Food and Drug Administration and manufactured by companies that have signed rebate agreements with the U.S. Secretary of Health and Human Services pursuant to 42 U.S.C. 1396r-8.

(B) Medical Supplies. MassHealth pays only for the medical supplies listed in 130 CMR 433.442(B)(1) through (6):

- (1) blood and urine testing reagent strips used for the management of diabetes;
- (2) disposable insulin syringe and needle units;
- (3) insulin cartridge delivery devices and needles or other devices for injection of medication (for example, Epipens);
- (4) lancets;
- (5) drug delivery systems for use with metered dose inhalers (for example, aerochambers); and
- (6) alcohol swabs.

433.443: Pharmacy Services: Limitations on Coverage of Drugs

(A) Interchangeable Drug Products. MassHealth pays no more for a brand-name interchangeable drug product than its generic equivalent, unless:

- (1) the prescriber has requested and received prior authorization from MassHealth for a nongeneric multiple-source drug (see 130 CMR 433.444); and
- (2) the prescriber has written on the face of the prescription in the prescriber's own handwriting the words "brand name medically necessary" under the words "no substitution" in a manner consistent with applicable state law. These words must be written out in full and may not be abbreviated.

(B) Drug Exclusions. MassHealth does not pay for the following types of drugs or drug therapy.

- (1) Cosmetic. MassHealth does not pay for legend or nonlegend preparations for cosmetic purposes or for hair growth.
- (2) Cough and Cold. MassHealth does not pay for legend or nonlegend drugs used solely for the symptomatic relief of coughs and colds, including but not limited to, those that contain an antitussive or expectorant as a major ingredient, unless dispensed to an institutionalized member.
- (3) Fertility. MassHealth does not pay for any drug used to promote male or female fertility.
- (4) Obesity Management. MassHealth does not pay for any drug used for the treatment of obesity.
- (5) Smoking Cessation. MassHealth does not pay for any drug used for smoking cessation.
- (6) Less-Than-Effective Drugs. MassHealth does not pay for drug products (including identical, similar, or related drug products) that the U.S. Food and Drug Administration has proposed, in a Notice of Opportunity for Hearing (NOOH), to withdraw from the market

<b>Commonwealth of Massachusetts Division of Medical Assistance Provider Manual Series</b>  PHYSICIAN MANUAL	<b>SUBCHAPTER NUMBER AND TITLE</b> 4 PROGRAM REGULATIONS (130 CMR 433.000)	<b>PAGE</b> 4-31
	<b>TRANSMITTAL LETTER</b> PHY-103	<b>DATE</b> 01/01/05

because they lack substantial evidence of effectiveness for all labeled indications.

(7) Experimental and Investigational Drugs. MassHealth does not pay for any drug that is experimental, medically unproven, or investigational in nature.

(C) Service Limitations.

(1) MassHealth covers drugs that are not explicitly excluded under 130 CMR 433.443(B). The MassHealth Drug List specifies the drugs that are payable under MassHealth. Any drug that does not appear on the MassHealth Drug List requires prior authorization, as set forth in 130 CMR 433.000. The MassHealth Drug List can be viewed online at [www.mass.gov/druglist](http://www.mass.gov/druglist), and copies may be obtained upon request. MassHealth will evaluate the prior-authorization status of drugs on an ongoing basis, and update the MassHealth Drug List accordingly. (See 130 CMR 450.303.)

(2) MassHealth does not pay for the following types of drugs or drug therapy without prior authorization:

- (a) immunizing biologicals and tubercular (TB) drugs that are available free of charge through local boards of public health or through the Massachusetts Department of Public Health (DPH);
- (b) nongeneric multiple-source drugs;
- (c) drugs used for the treatment of male or female sexual dysfunction;
- (d) drugs related to sex-reassignment surgery, specifically including but not limited to, presurgery and postsurgery hormone therapy. MassHealth, however, will continue to pay for post sex-reassignment surgery hormone therapy for which it had been paying immediately prior to May 15, 1993; and
- (e) topical acne products for members aged 21 or older. MassHealth pays for topical acne products for members under age 21, and all other topical acne products for members of all ages who have cases of acne Grade II or higher, without prior authorization.

(3) MassHealth does not pay any additional fees for dispensing drugs in a unit-dose distribution system.

(4) MassHealth does not pay for any drug prescribed for other than the FDA-approved indications as listed in the package insert, except as MassHealth determines to be consistent with current medical evidence.

(5) MassHealth does not pay for any drugs that are provided as a component of a more comprehensive service for which a single rate of pay is established in accordance with 130 CMR 450.307.

433.444: Pharmacy Services: Insurance Coverage

(A) Managed Care Organizations. MassHealth does not pay pharmacy claims for services to MassHealth members enrolled in a MassHealth managed care organization (MCO) that provides pharmacy coverage through a pharmacy network or otherwise, except for family planning pharmacy services provided by a non-network provider to a MassHealth Standard MCO enrollee (where such provider otherwise meets all prerequisites for payment for such services). A pharmacy that does not participate in the MassHealth member's MCO must instruct the MassHealth member to take his or her prescription to a pharmacy that does participate in such MCO. To determine whether the MassHealth member belongs to an MCO, pharmacies must verify member eligibility and scope of services through POPS before providing service in accordance with 130 CMR 450.107 and 450.117.

(B) Other Health Insurance. When the member's primary carrier has a preferred drug list, the prescriber must follow the rules of the primary carrier first. The provider may bill MassHealth for the primary insurer's member copayment for the primary carrier's preferred drug without regard to whether MassHealth generally requires prior authorization, except in cases where the drug is

<b>Commonwealth of Massachusetts</b> <b>Division of Medical Assistance</b> <b>Provider Manual Series</b>  PHYSICIAN MANUAL	<b>SUBCHAPTER NUMBER AND TITLE</b> 4 PROGRAM REGULATIONS (130 CMR 433.000)	<b>PAGE</b> 4-32
	<b>TRANSMITTAL LETTER</b> PHY-103	<b>DATE</b> 01/01/05

subject to a pharmacy service limitation pursuant to 130 CMR 433.443(C)(2)(a), (c), (d), and (e). In such cases, the prescriber must obtain prior authorization from MassHealth in order for the pharmacy to bill MassHealth for the primary insurer's member copayment. For additional information about third party liability, see 130 CMR 450.101 et seq.

433.445: Pharmacy Services: Prior Authorization

(A) Prescribers must obtain prior authorization from MassHealth for drugs identified by MassHealth in accordance with 130 CMR 450.303. If the limitations on covered drugs specified in 130 CMR 433.442(A) and 433.443(A) and (C) would result in inadequate treatment for a diagnosed medical condition, the prescriber may submit a written request, including written documentation of medical necessity, to MassHealth for prior authorization for an otherwise noncovered drug.

(B) All prior-authorization requests must be submitted in accordance with the instructions for requesting prior authorization in Subchapter 5 of the *Physician Manual*. If MassHealth approves the request, it will notify the pharmacy and the member.

(C) MassHealth will authorize at least a 72-hour emergency supply of a prescription drug to the extent required by federal law. (See 42 U.S.C. 1396r-8(d)(5).) MassHealth acts on requests for prior authorization for a prescribed drug within a time period consistent with federal regulations.

(D) Prior authorization does not waive any other prerequisites to payment such as, but not limited to, member eligibility or requirements of other health insurers.

433.446: Pharmacy Services: Member Copayments

Under certain conditions, MassHealth requires that members make a copayment to the dispensing pharmacy for each original prescription and for each refill for all drugs (whether legend or nonlegend) covered by MassHealth. The copayment requirements are detailed in 130 CMR 450.130.

433.447: Pharmacy Services: Payment

Drugs and biologicals dispensed in the office are payable, subject to the service limitations at 130 CMR 433.404, 433.406, and 433.443. MassHealth does not pay a physician separately for drugs that are considered routine and integral to the delivery of a physician's professional services in the course of diagnosis or treatment. Such drugs are commonly provided without charge or are included in the physician's fee for the service. MassHealth does not pay for any oral drugs dispensed in the office, with the exception of oral vaccines, for which the physician has not requested and received prior authorization from MassHealth. Claims for drugs and biologicals that are listed in Subchapter 6 of the *Physician Manual* must include the name of the drug or biological, strength, dosage, and number of units dispensed. A copy of the invoice showing the actual acquisition cost must be attached to the claim form for drugs and/or biologicals that are listed as requiring individual consideration in Subchapter 6 of the *Physician Manual*, and must include the National Drug Code (NDC). Claims without this information are denied. MassHealth does not pay for a biological if the Massachusetts Department of Public Health distributes the biological free of charge. Payment for drugs may be claimed in addition to an office visit.