

## Major Policy Change to Medicaid Managed Care Affects Pharmacies

*Pharmacy Benefits to be Bundled into Managed Care Effective October 1, 2011*

The New York State 2012 fiscal year budget includes a significant change to the Medicaid pharmacy benefit program. Effective October 1, 2011, Medicaid and Family Health Plus recipients who are currently enrolled in Medicaid managed care plans are required to receive their prescription drugs and other pharmacy benefits (e.g., certain OTC drugs, medical supplies, enteral formulae) through their Medicaid managed care plans.

Effective October 1, 2011, pharmacies participating in Medicaid managed care plans should submit claims to recipients' managed care plans instead of the Medicaid fee-for-service program.

The managed care plans will be required to provide coverage for those categories of drugs currently included in the Medicaid fee-for-service program, however they will establish their own formularies. The plans will be required to ensure access to pharmacy benefits in all areas of the State. The plans will manage enrollment and credentialing of pharmacy providers and will establish their own reimbursement rates, prior authorization processes, identity verification, and or/signature requirements. Patient co-payment amounts will not change. The managed care plans will be responsible for managing and auditing their pharmacy networks.

Medicaid recipients will be notified by both Medicaid and their plan of the change in their pharmacy benefits from the Medicaid fee-for-service program. Traditional Medicaid cards should not be utilized for managed care pharmacy benefits and the Card Swipe Program will not be applicable to managed care recipients. The Medicaid Program expects that the plans will re-issue identification cards to recipients for presentation at pharmacies, however it is anticipated that not all beneficiaries will bring their new cards to the pharmacies, therefore pharmacies will need to submit plan specific information when submitting claims. On September 26, Medicaid provided guidance to pharmacies which includes plan specific contact and billing information that pharmacies will need to provide when submitting claims. See [Attachment 2](#) of the September 2011 Special Edition of the New York State Medicaid Updates. An "extensive" transition plan is under development to ensure recipients have access to necessary medications, including requiring the plans to fill temporary prescriptions during the first 90 days when pharmacists receive claim denials.

Medicaid recipients that are not currently enrolled in managed care and those that are enrolled in Medicare Part D (i.e., "dual eligibles"), which collectively number approximately 1.5 million, will continue to receive pharmacy benefits through the Medicaid fee-for-service program until such time as they are moved into managed care. However, effective October 1, 2011, Medicaid will no longer cover the following drug classes for dual-eligibles: atypical antipsychotics, antidepressants, HIV/AIDS antiretrovirals, and anti-rejection drugs used in tissue and organ transplants. Drugs in these classes will need to be billed to the beneficiary's Medicare Part D plan or Medicare Part B, when applicable. Medicaid is encouraging pharmacists to work with Medicare Part D plans to obtain prior authorization for these drugs to in order to avoid interruption for their patient's medication regimes.

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Infusion and injectable drugs will continue to be covered as a medical benefit under Medicaid managed care plans, except for hemophilia clotting factor products and certain injectable anti-psychotic drugs. Hemophilia clotting factor products should be billed to Medicaid on a fee-for-service basis. Certain anti-psychotic drugs should be billed to Medicare on a fee-for-service basis when administered to supplemental security income ("SSI") Medicaid enrollees. Medicaid managed care plans will be responsible for Medicaid managed care recipients who are enrolled in Fidelis Care New York and will continue to receive family planning services including birth control medication and devices as a Medicaid fee-for-service benefit. Pharmacies billing for these services, should continue to bill Medicaid using the enrollee's alpha-numeric client identification number (CIN).

The New York State 2012 fiscal year budget also made other Medicaid fee-for-service pharmacy reimbursement changes that are effective retroactively to April 1, 2011. Medicaid will notify providers of the beginning date for the implementation of the retroactive reimbursement adjustments. These changes include:

- Discontinuance of the specialized HIV pharmacy reimbursement rate
- Reduced dispensing fees for generic drugs from \$4.50 to \$3.50
- Reduced reimbursement rates for brand name drugs to the average whole sale price less 17 percent (from 16.25 percent)

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If you require any assistance or have any questions regarding these significant changes in Medicaid policy, please contact the GW attorney with whom you regularly consult.

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