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1 General Information

This manual is designed to be used in conjunction with other sections of the Utah Medicaid Provider Manual, such as Section I: General Information (Section I: General Information).

The information in this manual represents available services when medically necessary.

1-1 General Policy

This manual is updated periodically and changes are announced through the Medicaid Information Bulletins (MIBs) published on the Medicaid Website. To sign up for the Utah Medicaid Newsletter and receive e-mail notification of policy changes and MIBs, go to https://medicaid.utah.gov/utah-medicaid-official-publications and subscribe to the Utah Medicaid Newsletter.

1-1.1 Mandatory Patient Counseling

Federal law (42 U.S.C. 1396r-8) requires that counseling be performed when dispensing a medication to a Medicaid client. The federal requirement to counsel a Medicaid client is stricter than the counseling requirement in the Utah Administrative Code R156-17b-610. The federal law does not require that counseling be delivered if the client, or client’s agent, refuses the counseling. The Utah Administrative Code requires that the offer to counsel be documented and retained for 5 years. Reimbursement for counseling is included in the dispensing fee and is not separately reimbursable.

Providing the package insert to a Medicaid recipient does not meet the federal law’s requirement for counseling a Medicaid client.

1-1.2 Drug Utilization Review Program

Utah Medicaid is required to have a Drug Utilization Review program as mandated by 42 U.S.C. 1396r-8 and UCA 26-18, Part 2.

The State Drug Utilization Review Board uses Retrospective Drug Utilization Review (RetroDUR) studies to review prescribing and dispensing patterns for Medicaid clients to develop prospective Drug Utilization Review edits, including: prior authorizations, step-therapy, and quantity limits. The Board is comprised of providers nominated by the Utah Medical Association, the Utah Pharmaceutical Association, and the Utah Dental Association. The University of Utah College of Pharmacy collaborates on the development of drug criteria sets under contract with the Division of Medicaid and Health Financing.

Additional information about the Drug Utilization Review Board, meeting agendas, or meeting materials can be obtained online at https://medicaid.utah.gov/pharmacy/drug-utilization-review-board.
1-2 Fee-For-Service or Managed Care

For information regarding client eligibility, refer to provider manual, Section I: General Information.

1-3 Definitions

There are no definitions specific to the content of this manual. For definitions general to Medicaid, refer to provider manual, Section I: General Information.

1-4 Procedure Codes


Claims for provider administered drugs require the correct CPT or HCPCS code as described in Chapter 6 of this manual.

2 Provider Participation Requirements

Refer to provider manual, Section I: General Information for provider participation information.

3 Client Eligibility

For information regarding verification of a client’s Medicaid eligibility, refer to provider manual, Section I: General Information, or to the Eligibility Lookup Tool located at https://medicaid.utah.gov/eligibility.

4 Program Coverage

The Utah Department of Health, Division of Medicaid and Health Financing (DMHF) covers prescription medications that are prescribed by qualified practitioners who are enrolled with Utah Medicaid as a Medicaid benefit in compliance with Federal law (42 U.S.C. 1396r-8). All covered medications must:

- require a prescription for dispensing (Rx Only),
- have a National Drug Code (NDC) number,
- be eligible for the federal Medicaid drug rebate,
- be approved by the Food and Drug Administration (FDA),
- meet the Center for Medicare and Medicaid Services (CMS) definition of a “covered outpatient drug” (42 CFR 447.502), and
Utah Medicaid also covers some over-the-counter (non-prescription) medications, immunizations, and medical supplies as described in this manual.

4-1 Federal Medicaid Drug Rebate Program

Federal law (42 U.S.C. 1396r-8) mandates that drug manufacturers participate in the federal Medicaid drug rebate program in order for their medications to be eligible to be paid for using federal Medicaid funds. Certain medications are exempt from the federal Medicaid drug rebate requirement by law (e.g. vaccines).

Utah Medicaid only covers medications that are eligible to be paid for with federal funds. In order for a medication to be eligible for coverage, the manufacturer must participate in the federal drug rebate program or the medication must be explicitly exempt from the federal Medicaid drug rebate requirement.

4-2 Mandatory Generic Drug Policy

Utah Code 58-17b-606 mandates that when a multisource legend drug is available in the generic form, Utah Medicaid may only reimburse for the generic form of the drug unless:

- The prescriber demonstrates a medical necessity for dispensing the non-generic, brand-name legend drug, or
- A financial benefit will accrue to the state from dispensing the non-generic, brand-name legend drug.

Requests for brand-name multisource drugs must be submitted to Utah Medicaid using the Brand Name Medication form available online at https://medicaid.utah.gov/pharmacy/prior-authorization. Requests must be accompanied by documentation from the client’s record that support an unacceptable adverse drug reaction to the generic version that does not occur with the name brand or that the generic version(s) failed to achieve therapeutic efficacy.

Note: Client preference does not constitute a medical necessity.

4-3 Tamper Resistant Prescription Form or Pad Requirements

Federal law (42 U.S.C. 1396b(i)(23)) requires that all Medicaid prescriptions not executed electronically must be written on tamper-resistant prescription forms or pads. Section 1927(k)(3) of the Social Security Act provides exclusions from this provision for residents of nursing facilities, intermediate care facilities for the intellectually disabled (ICF/ID), or other specified institutional and clinical settings so long as the patient never has the opportunity to handle the prescription. This law
does not apply to prescriptions that are executed by electronic means, including: those that are faxed, taken over the phone, or electronically prescribed. For prescriptions that are not prescribed by electronic means the prescription must contain all three of the following characteristics to be considered tamper-resistant:

- One or more industry-recognized features designed to prevent unauthorized copying of a completed or blank prescription form;
- One or more industry-recognized features designed to prevent the erasure or modification of information written on the prescription by the prescriber; and
- One or more industry-recognized features designed to prevent the use of counterfeit prescription forms.

If a pharmacy fills a prescription that does not comply with the requirements above, funds paid by Medicaid will be recovered through post-payment review.

Documentation by the pharmacy of verbal confirmation of a non-compliant written prescription from the prescriber, or a nurse or administrative staff person authorized to act on the prescriber’s behalf, also satisfies the tamper-resistant requirement. At a minimum the documentation must include the date, time, and name of the individual who verbally confirmed the validity of the non-compliant prescription.

4-4 Preferred Drug List (Excluding Psychotrophic Medications)

Utah Medicaid maintains a Preferred Drug List to encourage the use of clinically efficacious and cost effective therapies. The Pharmacy and Therapeutics (P&T Committee) advises the DUR Board and DMHF in choosing preferred agent(s) for each selected class of drugs based on safety and clinical efficacy. Additional information about the P&T Committee can be found online at https://medicaid.utah.gov/pharmacy/pt-committee.

Non-preferred medications require prior authorization from the prescriber and must satisfy one of the following:

- The client has had a trial and failure of at least one preferred agent in the drug class.
- There is evidence of a potential drug interaction between the client’s current medication regimen and the preferred drug(s).
- There is evidence of a contraindication that prevents the client from using the preferred drug(s).
- There is objective clinical evidence that the client is at high risk of adverse events due to a therapeutic interchange with a preferred drug.

A prior authorization form for non-preferred medications can be obtained online from the Pharmacy Services website at https://medicaid.utah.gov/pharmacy/prior-authorization. Requests for non-preferred medication can be faxed to (855) 828-4992.
The Utah Medicaid Preferred Drug List is available online at https://medicaid.utah.gov/pharmacy/preferred-drug-list.

4-5 Preferred Drug List (Psychotropic Medications)

For the purposes of the Preferred Drug List, psychotropic medications are defined as atypical antipsychotics, anti-depressants, anti-convulsants/mood stabilizers, anti-anxiety medications, and attention deficit hyperactivity disorder stimulants. If a prescriber writes “dispense as written” on a prescription for a non-preferred psychotropic drug, the pharmacy may submit a Dispense As Written (DAW) Code of “1” on the claim. Submitting the DAW code will allow the claim to bypass the prior authorization requirement for the non-preferred drug at the point-of-sale.

Note: The DAW Code will not allow claims for the brand-name version of multisource drugs to process, even if the brand-name version of the drug is listed as non-preferred and the prescriber writes “dispense as written” on the prescription.

Note: In order for a prescription to be eligible for the pharmacy to submit the DAW Code of “1” to bypass the edit for a non-preferred medication the prescriber must write “dispense as written” on the prescription. Check boxes or pre-printed forms that include “dispense as written” are not acceptable substitutes for the prescriber writing “dispense as written” on the prescription.

4-6 Dual Eligible Clients (Medicare Part D)

Outpatient drugs for dual eligible clients (who are defined as individuals who have Medicare and Medicaid coverage), will not be covered by Utah Medicaid in accordance with SSA 1935(a). Medicaid clients with dual coverage receive a limited drug benefit through Medicaid; the majority of their drugs are received through Medicare Part D. Drugs which are excluded from the Medicare Part D benefit, in accordance with SSA, Section 1927(d)(2), and are otherwise covered by Utah Medicaid for other Medicaid clients are eligible to be covered by Utah Medicaid for dual eligible clients.

Note: Medications that are not covered by a Medicare Part D plan for any reason other than the medication being excluded from the Medicare Part D benefit by law (e.g. prior authorization or formulary placement) are not eligible to be covered by Utah Medicaid.

4-7 Dual Eligible Clients (Medicare Part B)

Medicaid will cover the co-insurance and deductible for Medicare Part B covered drugs for dual eligible clients as described in Utah State Plan, Attachment 4.19-B, Supplement 1 to Attachment 4.19-B, Page 3.
4-8  Co-payment Required for Medicaid Prescriptions

When applicable, Medicaid clients are required to pay up to a $3.00 co-payment for each prescription filled, with a maximum copayment of $15.00 per month. Clients enrolled in an Accountable Care Organization (ACO) have some drugs that are covered under Fee-for-Service (FFS) Medicaid. Pharmacy copays for clients enrolled in an ACO will be split between FFS Medicaid and the ACO plan. For drugs covered by the ACO, the maximum copay out of pocket is $9.00 per month. For drugs covered by FFS Medicaid, the maximum copay out of pocket is $6.00 per month. Reversal of a previously filled prescription with a co-pay will require a refund of the co-pay to the client, and will cause the next prescription filled for that client to be adjudicated with a co-pay.

Some Medicaid clients or medications are exempt from the copayment requirement. For more information regarding copayment exempt members and services, refer to provider manual, Section I: General Information.

In accordance with federal regulation (42 CFR 447.53(e)), a Medicaid provider may not refuse service to a Medicaid client based on the client’s inability to pay their copayment.

4-9  New Products

Any new drug product, including a new size or strength of an existing approved product, may be reviewed by the Drug Utilization Review Board to determine whether the drug should be subject to restrictions or limitations. New drugs may be withheld from coverage for no more than twelve weeks while restrictions or limitations are being evaluated.

4-10  Prescribed Over-the-Counter Products

Over-the-Counter drugs (OTC) are covered ONLY when the drug is prescribed to a Medicaid client and the drug is listed on the Medicaid-approved OTC List (the OTC List is an Attachment to this manual). OTC drugs that are different formulations or products than those listed on the OTC list are not a covered benefit.

Note: OTC drugs on the approved list are not a benefit through the outpatient pharmacy program for a Medicaid client who is a resident of a nursing home. The nursing home rate paid by Medicaid to the nursing home includes payment for OTC drugs.

4-11  Cough and Cold Products

Utah Medicaid only covers the following prescription cough and cold preparations:

- Guaifenesin with Dextromethorphan (DM) 600mg/30mg tablets
- Guaifenesin with Hydrocodone 100mg/5mL liquid
- Promethazine with Codeine liquid
- Guaifenesin with Codeine 100mg/10mg/5mL liquid
- Carbinoxamine with Pseudoephedrine 1mg/15mg/5mL liquid
- Carbinoxamine/Pseudoephedrine/DM 15mg/1mg/4mg/5mL liquid

4-12 Compounded Prescriptions

Compounded non-sterile prescriptions are a covered benefit if at least one ingredient is a drug that would otherwise qualify for coverage. Covered compounds can contain both covered and non-covered ingredients; however, if a compound contains non-covered ingredients then it must be submitted with the Submission Clarification Code = 8.

Compounded sterile preparations are subject to the same compound rules as non-sterile compounds; however, they must be prepared by a pharmacy that has certified to Utah Medicaid that they adhere to the standards described in The United States Pharmacopeia/National Formulary chapter <797>, “Pharmaceutical Compounding: Sterile Preparations.” The finished product must also be analyzed by a third party to confirm sterility, potency, and purity. Any pharmacy wishing to be approved to prepare sterile products for Utah Medicaid clients may contact Utah Medicaid at medicaidpharmacy@utah.gov.

4-13 Immunizations

Claims for the Hepatitis B, pneumonia, seasonal and pandemic flu, and herpes zoster vaccines administered by pharmacists can be processed through the pharmacy point-of-sale for non-pediatric clients (age 19 and older). A dispensing fee will be applied to each non-pediatric immunization claim at the pharmacy point of sale, in addition to the reimbursement for the immunization.

Claims for immunizations administered by pharmacists to clients eligible to receive vaccines through the Vaccines for Children (VFC) program may also be submitted through the point-of-sale system. As vaccines provided through the VFC program are supplied at no cost to the providers, there will be no reimbursement for the immunization. Claims for VFC eligible clients will only be reimbursed for a dispensing fee for each immunization provided to a VFC eligible client. Pharmacies that do not participate in the VFC program are not reimbursed differently than pharmacies that do participate in the VFC program.

4-14 Glucose Monitors and Test Strips

Glucose monitors, from the manufacturers of the preferred test strip on the Preferred Drug List, are provided from the manufacturer to Medicaid clients at no charge. Claims for these glucose monitors can be submitted to the manufacturers using the billing information included on the Preferred Drug List.

Blood glucose test strips listed as preferred on the Preferred Drug List are a Medicaid covered benefit through the pharmacy program, up to a maximum of 200 strips per month. Prescriptions for quantities in excess of 200 require prior authorization. Claims for non-preferred test strips must be submitted.
through the medical supply program and will not be authorized through the pharmacy point-of-sale system.

4-15 Days’ Supply

Unless otherwise restricted or noted below, Utah Medicaid will pay for up to a one month supply of a medication per dispensing.

Utah Medicaid will allow up to a 90 days’ supply of select generic medications. Medications that can be reimbursed for up to a 90 days’ supply can be found in the “Attachment” section of this manual.

Prenatal vitamins with folic acid and DHA for pregnant women, multiple vitamins with or without fluoride for children through age five, fluoride supplements and contraceptives are covered for up to a 90 days’ supply per dispensing.

4-16 Outpatient Cancer Therapy

Utah Code 58-17b-805 allows for prescribing practitioners to dispense medications to their patients in lieu of having the prescriptions filled at a pharmacy. Utah Medicaid will reimburse a prescribing practitioner that dispenses medications pursuant to this law if they register with Utah Medicaid as a pharmacy and submit electronic point-of-sale claims.

4-17 ACO Carve-Out Drugs

The following classes of medications and individual drugs are carved-out from ACO coverage and are part of the FFS Medicaid benefit:

- Transplant Immunosuppressive Drugs
- Attention Deficit Hyperactivity Disorder Stimulant Drugs
- Anti-psychotic Drugs
- Anti-depressant Drugs
- Anti-anxiety Drugs
- Anti-convulsant Drugs
- Hemophilia Drugs
- The following Substance Use Disorder Treatments (brand and generics): Vivitrol, Revia, Campral, Antabuse, and buprenorphine containing products (single agent or in combination with naloxone) indicated for the treatment of opioid dependence.
5 Non-Covered Services and Limitations

For information on non-covered Services and limitations that apply to all Utah Medicaid programs and the circumstances in which a client may be billed for non-covered Medicaid services, refer to the provider manual, Section I: General Information.

5-1 Non-Covered Services

Only drugs and services described previously as covered are reimbursable by Utah Medicaid. In addition to the non-covered services listed in Section I: General Information, the following is a list of non-covered drugs through the Utah Medicaid pharmacy program:

- Drugs not eligible for federal Medicaid funds
- Drugs for anorexia, weight loss or weight gain
- Drugs to promote fertility
- Drugs for cosmetic purposes or hair growth
- Drugs for the symptomatic relief of cough and colds, except for the medications defined as covered services in Chapter 4 of this manual
- Vitamins, except for:
  - Prenatal vitamins for pregnant women
  - Vitamin drops, with or without fluoride, for children through age five
  - Fluoride supplements
- Nonprescription drugs (over-the-counter, or OTC), except for the medications defined as covered services in Chapter 4 of this manual
- Drugs for which the manufacturer requires, as a condition of sale, that associated tests and monitoring services are purchased exclusively from the manufacturer or its designee.
- Drugs for the treatment of sexual or erectile dysfunction
- Drugs given by a hospital to a patient at discharge (take-home drugs)
- Breast milk, breast milk substitutes, baby food, or medical foods, except for prescription metabolic products for in-born errors of metabolism (e.g. phenylketonuria and maple syrup urine disease)
- Drugs available only through single-source distribution programs, unless the distributor is enrolled with Utah Medicaid as a pharmacy provider

5-2 Off-label Use

Utah Medicaid may restrict coverage of a drug to the FDA approved indication (labeled indication). Prescribers may appeal a denial of an off-label use for a drug by submitting a prior authorization request with the following:

- The specific diagnosis, including the appropriate ICD-10 code(s)
• The off-label use must be supported by at least one major multi-site study or three smaller studies published in JAMA, NEJM, Lancet or other peer review specialty medical journals within the most recent five years
• The off-label request must have a defined dosage regimen
• The off-label request must have a defined duration of treatment
• The off-label request must show a clear and significant clinical or economic advantage over existing approved drug regimens

If the prior authorization request is denied, a client may request and administrative hearing according to the process defined in Section I: General Information.

5-3 Limitations

Medicaid coverage of pharmaceuticals is subject to limitations including, but not limited to, prior authorization, maximum and minimum limits, duration of therapy limitations, frequency limitations, therapeutic duplication limitations, age restrictions, and gender restrictions.

Numerous drugs require prior authorization based on clinical, safety, or other factors in order to qualify for coverage by Utah Medicaid. Prior authorization criteria and forms are available online at https://medicaid.utah.gov/pharmacy/prior-authorization.

A listing of limitations can be found on the Drug Criteria and Limits Attachment to this manual.

5-4 Kits and Combination Products

Unless a kit or combination product is listed as a preferred agent on the Preferred Drug List, all kit and combination products will be subject to prior authorization. Prior authorization requests for kits or combination products not listed as preferred agents on the Preferred Drug List must be submitted to Utah Medicaid with the Non-Preferred Combo & Kit form available at https://medicaid.utah.gov/pharmacy/prior-authorization.

5-5 Refills and Early Refills

Utah Medicaid will pay for a prescription refill only when 80% of the previous prescription has been exhausted, with the exception of narcotic analgesics. For example, a prescription for a 30 days’ supply has been 80% exhausted on the 24th day after it was dispensed and can be refilled on the 25th day. Utah Medicaid will pay for a prescription refill for narcotic analgesics after 100% of the previous prescription has been exhausted.

Prescription refills must be requested by Medicaid clients, or the client’s agent, based on continued medical necessity. Automatically refilled prescriptions, or cycle filled prescriptions, are not eligible for reimbursement.
Utah Medicaid will only pay for an early refill of a medication in cases of lifesaving necessity. Utah Medicaid will not pay for an early refill in the following circumstances:

- Client preference for a particular brand-name or generic version of a drug or vice versa
- Lost, stolen, or destroyed prescriptions
- Early refills to accommodate travel (a.k.a. “vacation refill”)
- Prescriptions that have not been used according to the prescribed directions
- Refills for clients entering, or leaving, a long term care facility, including “take home” supplies when a client is temporarily leaving a nursing home facility.

5-6 Monthly Dispensing Fee for Prescriptions

Utah Medicaid will only pay one dispensing fee per twenty four (24) days per medication per client per pharmacy. Claims for the same medication for a client at the same pharmacy filled more frequently will pay without an additional dispensing fee.

5-7 Blood Factors

Utah Medicaid restricts claims for hemophilia blood factors to a single provider. Utah Medicaid will reimburse only the sole source provider for hemophilia case management, blood factors VII, VIII and IX. No other provider will be paid for blood factors VII, VIII or IX.

The sole source provider of blood factors is University Hospital Home Infusion Services. Questions concerning hemophilia case management and blood factors VII, VIII and IX should be directed to this provider by calling: (801) 213-9600

5-8 Drugs Requiring Diagnosis Codes

Claims for narcotic analgesics for the treatment of cancer-related pain must be submitted with a valid ICD-10 diagnosis code to bypass the cumulative limits listed in Drug Criteria and Limits Attachment to this manual.

It is the prescriber's responsibility to provide the correct diagnosis for narcotic analgesics for cancer pain. The diagnosis code may be hand-written by the prescriber on the prescription or computer generated by prescribing software. Pharmacy providers may also obtain diagnosis codes verbally from prescribers, and note the date, time, and name of the physician’s representative providing the diagnosis code on the original hard-copy prescription. In addition, updated or renewed prescriptions for a given drug may reference an original handwritten or computer-generated prescription for the appropriate diagnosis code. The pharmacist must enter the diagnosis code into the appropriate diagnoses field when processing a claim.

Note: A listing of the ICD-10 diagnosis codes accepted by Utah Medicaid by category is included in the ICD-10 Reference Chart in the Attachment section of this manual.
6 Billing

Utah Medicaid requires all pharmacy claims to be submitted electronically through the pharmacy point-of-sale system using the National Council of Prescription Drug Plan (NCPDP) version D.0 standard. The point-of-sale system provides pharmacists with the capability to submit pharmacy claims electronically and have “real time” claim processing. To assist pharmacies in submitting electronic claims, Utah Medicaid posts a NCPDP version D.0 payer sheet online at https://medicaid.utah.gov/pharmacy/resource-library.

6-1 Prior Authorization

For general prior authorization information, refer to provider manual, Section I: General Information and Chapter 5 of this manual for prior authorization information.

When a medical emergency occurs, and a medication that requires prior authorization is required, a pharmacy provider may dispense up to a 72 hour supply of the medication without obtaining prior authorization. When contacted, Utah Medicaid will issue an authorization for the 72 hour supply of the medication on the next business day. All subsequent claims must satisfy all prior authorization criteria or other limitations for the medication.

6-2 Decimal Quantities

Pharmacies must submit claims to Utah Medicaid using the actual metric decimal quantities of medications dispensed to Medicaid clients based on the National Council of Prescription Drug Plans (NCPDP) billing unit for drugs. Rounding unit, or package, sizes or submitting quantities that are inconsistent with the NCPDP billing unit on a claim is not allowed.

6-3 Prescription Orders

All claims for covered medications, including over-the-counter medications, must be prescribed by a licensed prescriber acting within the scope of his or her licenses. Prescription orders must contain all the required information and be issued in compliance with all state and federal laws and regulations.

6-4 National Prescriber Identifier Requirement on Pharmacy Claims

Federal regulation 42 C.F.R. 455.410(b) requires all prescriptions for Utah Medicaid clients to be issued by a prescriber who is enrolled with Utah Medicaid. Prescriptions that are issued by a non-enrolled prescriber, or claims submitted with a National Prescriber Identifier (NPI) not associated with an enrolled prescriber, will be denied.
Utah Medicaid requires the NPI submitted on a pharmacy claim to be the NPI of the prescriber that issued the prescription. Claims submitted with an incorrect prescriber NPI will either be denied or subject to recoupment on post-payment review.

### 6-5 Medication Not Received by the Client

If a Medicaid client has not received a medication billed to Medicaid within ten (10) days of the date it was filled, the pharmacy provider must reverse the claim and credit back the payment amount to Utah Medicaid.

### 6-6 Proof of Receipt

Pharmacy providers must maintain documentation of receipt of a prescription by a Medicaid client, or the client’s authorized representative. The documentation may be kept as a signature log or another method that clearly identifies the medication(s) received by the Medicaid client, the date the medications were received, and who received the medications.

### 6-7 Provider administered Drug ("J-Code") Billing


Additionally, claim lines for provider administered drugs must contain both the HCPCS code and the National Drug Code (NDC) of the medication administered to the Medicaid client. The NDC of the product administered to the Medicaid client must be valid and eligible for the federal Medicaid drug rebate and active in order for the claim line to be considered for reimbursement. Utah Medicaid will compare the submitted HCPCS code to the submitted NDC by using a crosswalk, available at [http://health.utah.gov/medicaid/stplan/lookup/FeeScheduleDownload.php](http://health.utah.gov/medicaid/stplan/lookup/FeeScheduleDownload.php). If the submitted combination is unmatched, the claim will deny. The HCPCS to NDC crosswalk and billing requirements apply to claims administered in physician offices (CMS-1500 claim) and in outpatient settings (UB-04 claim).

Providers and interested parties who wish to submit requests for consideration of additional HCPCS to NDC matches, or to make changes to existing matches, may do so via the Physician Administered Review Request Form, available at: [https://medicaid.utah.gov/pharmacy/resource-library](https://medicaid.utah.gov/pharmacy/resource-library).

Note: NDCs must be submitted with 11 digits in a 5-4-2 digit format (without dashes). NDCs submitted as 10 digit codes or 11 digit codes with dashes will result in the claim denying. The first five digits of the NDC are the manufacturer’s labeler code, the middle four digits are the product code,
and the last two digits are the package size. If one were to encounter a NDC that is less than 11 digits, add the missing digits as follows:

- For a 4-4-2 NDC, add a 0 to the beginning of the code as the first digit.
- For a 5-3-2 NDC, add a 0 as the sixth digit.
- For a 5-4-NDC, add a 0 as the tenth digit.

Note: A covered entity using medications purchased through the 340B program should refer to the 340B chapters of this manual for additional information.

The following information must be provided on a CMS-1500 Claim Form when billing for provider administered drugs:

- NDC - Box 24D, shaded area
- Drug Unit Price - Box 24F, shaded area
- Basis of Measurement Qualifier and Units - Box 24G, shaded area. Use the following qualifiers:
  - ML - for milliliters
  - GR - for grams
  - UN - for units
  - F2 - for international units

When billing the CMS-1500 electronically, the information needs to be reported in the following X12 fields (contact your software vendor for specific information):

- 2410 LIN03= NDC number preceded with N4 (LIN02=N4).
- 2410 CTP05-1= Units qualifier (GR, ML, UN, F2)
- 2410 CTP04= Number of units (place the number of units immediately after the units qualifier)
- 2410 CTP03= Cost or Unit Price

Outpatient hospital claims that include lines for drugs must provide the NDC when billing Medicaid on the UB-04 claim form. The NDC code must be included on the claim line immediately below the REV Code and Procedure Code (Form locator 43), the Units preceded by a qualifier (Form locator 46), and the Unit Price (Form locator 47).

When billing the UB-04 electronically, the information needs to be reported in the following X12 fields (contact your software vendor for specific information):

- 2410 LIN03= NDC number preceded with N4 (LIN02=N4).
- 2410 CTP05-1= Units qualifier (GR, ML, ME, F2)
- 2410 CTP04= Number of units (place the number of units immediately after the units qualifier)
- 2410 CTP03= Cost or Unit Price
6-8 340B Outpatient Pharmacy (Point-of-Sale) Billing

All claims submitted to Utah Medicaid from a 340B covered entity for medications that were purchased through the 340B program must be with the provider’s 340B actual acquisition cost in the Ingredient Cost Field, a value of “8” in the Basis of Cost field, and a value of “20” in the Submission Clarification Code field. Claims submitted without the provider’s 340B actual acquisition cost in the Ingredient Cost Field, a value of “8” in the Basis of Cost field, and a value of “20” in the Submission Clarification Code field indicate that the covered entity purchased the medication outside of the 340B program and Utah Medicaid will pursue the federal Medicaid drug rebate and supplemental rebate on those claims.

Claims submitted to Utah Medicaid from a 340B covered entity for medications that were not purchased through the 340B program may be submitted in accordance with Utah Medicaid’s and the pharmacy’s normal business practices.

340B covered entities may not utilize contract pharmacies to bill Utah Medicaid, unless the covered entity, the contract pharmacy and the State Medicaid agency have established a written arrangement to prevent duplicate discounts. Any such arrangement shall be reported to the OPA, HRSA, by the covered entity.

6-9 340B Provider Administered Drug (J-Code) Billing

All claims submitted to Utah Medicaid from a 340B covered entity for medications that were purchased through the 340B program must be submitted with the provider’s 340B actual acquisition cost as the billed charges and the “UD” modifier after the HCPCS code on each claim line. Claims submitted without the provider’s 340B actual acquisition cost as the billed charges and the “UD” modifier on the claim line indicate that the covered entity purchased the medication outside of the 340B program and Utah Medicaid will pursue the federal Medicaid drug rebate on those claims.

6-10 Drugs purchased at Nominal Price

Providers that purchase covered outpatient drugs at Nominal Price and using those covered outpatient drugs to bill Utah Medicaid must submit the actual acquisition cost of the medication on the claim.

6-11 Drugs purchased through the Federal Supply Schedule

Providers that purchase covered outpatient drugs through the Federal Supply Schedule (FSS) and using those covered outpatient drugs to bill Utah Medicaid must submit the actual acquisition cost of the medication on the claim. Providers that are using FSS covered outpatient drugs to bill Utah Medicaid, but are paid through a bundled payment or All Inclusive Rate, are not required to submit the actual acquisition cost on the claim.
6-12 Pharmacy Reimbursement


All claims must be submitted with the National Drug Code (NDC) of the product dispensed. A pharmacy may not dispense a product and bill Medicaid using the NDC of a different brand or generic product.

6-13 Usual and Customary Charges

A pharmacy may not submit a charge to Utah Medicaid that exceeds the pharmacy’s usual and customary charge for the medication. The usual and customary charge is the lowest amount a provider charges to the general public and reflects all advertised savings (e.g. $4 generic), discounts, special promotions or any other programs available to the general public.

6-14 Estimated Acquisition Cost

The Estimated Acquisition Cost (EAC) for Utah Medicaid is the Wholesale Acquisition Cost (WAC).

6-15 Federal Upper Limit

The Centers for Medicare and Medicaid Services (CMS) publishes the Federal Upper Limit (FUL) as defined in the Affordable Care Act and 42 C.F.R. 447.512 – 514. Utah Medicaid is required to use the FUL and ensure that the payments for drugs subject to the FUL do not exceed it.

The payment for drugs subject to a FUL will be the lesser of the following:

- The Estimated Acquisition Cost + Dispensing Fee;
- The Submitted Ingredient Cost + Dispensing Fee;
- The Utah Maximum Allowable Cost + Dispensing Fee (if applicable);
- The Federal Upper Limit + Dispensing Fee;
- The Usual and Customary Charges (U&C); or
- The Gross Amount Due (GAD)

The Federal Upper Limits are updated by CMS monthly and Utah Medicaid cannot override a FUL price established by CMS.
6-16 Utah Maximum Allowable Cost

The Utah Maximum Allowable Cost (MAC) is the National Average Drug Acquisition Cost (NADAC), published by the Centers for Medicare and Medicaid Services (CMS). If CMS does not publish a NADAC for a drug, the Division of Medicaid and Health Financing may establish a State MAC for a drug. The current, and historical, NADAC drug files can be accessed on the CMS website. A current list of State MAC prices is posted on the Medicaid Pharmacy Services Website at https://medicaid.utah.gov/pharmacy/utah-mac-maximum-allowable-cost.

The payment for drugs subject to a MAC will be the lesser of the following:

- The Estimated Acquisition Cost + Dispensing Fee;
- The Submitted Ingredient Cost + Dispensing Fee;
- The Utah Maximum Allowable Cost + Dispensing Fee;
- The Federal Upper Limit + Dispensing Fee (if applicable);
- The Usual and Customary Charges (U&C); or
- The Gross Amount Due (GAD)

6-17 Dispensing Fees

Utah Medicaid pays a dispensing fee to reimburse pharmacies for all costs associated with transferring a medication to a Medicaid client. The dispensing fee is inclusive of all costs associated with dispensing a medication including, but not limited to: staff time and knowledge, preparing a medication for dispensing, packaging, physically providing the completed prescription to the client, delivery, and facility overhead and maintenance costs. A pharmacy may not charge a Medicaid client an additional fee for any service that is reimbursed as part of the dispensing fee.

The dispensing fees are as follows:

- Urban pharmacies located in Utah = $9.99
- Rural pharmacies located in Utah = $10.15
- Pharmacies located outside of Utah = $7.66
- Hemophilia Clotting Factor (contract provider) = $716.54

6-18 Indian Health Program

Indian Health providers are reimbursed for pharmacy services in accordance with the Indian Health Provider Manual.

7 References

Utah State Plan, Attachment 4.19-B, Section S
Social Security Act,
§§ 1927(d)(2) and 1927(k)(3)  
§ 1935(a)

42 CFR 447 §§ 53(e) and 502

42 U.S.C. §§ 1396b (i)(23); 1396r-8; 1396r-8(g)(2)(A)

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