

NORTH CAROLINA MEDICAID AND HEALTH CHOICE

Physician's Drug Program (PDP)

Frequently Asked Questions

DRUG COVERAGE

1. What is covered in the Physician's Drug Program (PDP)?

Answer: The PDP program covers drugs which are primarily injectable that are purchased and administered in a physician's office or in an outpatient clinic setting. In addition to injectable drugs, the PDP program also covers injectable biologicals, immune globulins, implantable contraceptives, radiopharmaceuticals, and vaccines.

REIMBURSEMENT

1. What reimbursement methodology is used for products covered in the PDP?

Answer: The methodology is based on Average Sales Price (ASP) plus 6% to follow the Centers for Medicare and Medicaid Services (CMS) reimbursement for Medicare Part B provider administered drugs. If there is no ASP available from CMS, the reimbursement is based on the Average Wholesale Price (AWP) less 10% as determined using the lowest cost generic or brand product readily available and commonly dispensed in a physician office setting.

2. What reimbursement methodology is used for the contraceptives Nexplanon and Mirena in the PDP?

Answer: The reimbursement methodology used for Nexplanon and Mirena is based on Wholesale Acquisition Cost (WAC) plus 6%.

3. How are 340B purchased drugs billed in the PDP?

Answer: 340B providers should bill the acquisition cost of the 340B drug using a CMS 1500 or 837p transition with the UD modifier.

Exception: A physician office that is part of a hospital-based clinic should bill the usual and customary charge for 340B drugs on a UB04/837i since these drugs would be included in the hospital outpatient cost settlement. The physician's professional fee would be billed using a CMS 1500/837i transaction and would not be included in any type of settlement. Refer to the August 2012 North Carolina Medicaid General Bulletin for additional information on 340B purchased drugs (<http://www.ncdhhs.gov/dma/bulletin/0812bulletin.htm>).

4. How does a provider know what the reimbursement rate is for a product covered in the PDP?

Answer: The fee schedule for the PDP is located on the Division of Medical Assistance (DMA) website at <http://www.ncdhhs.gov/dma/fee/index.htm>. The fee schedule includes information about the drug procedure code and description, facility and non-facility rates and the effective date of the rate for the products covered in the program.

Note: DMA is currently conducting a comprehensive review of the fee schedule for the PDP program. The purpose of this review is to ensure that the fee schedule reflects all products that are currently covered under the PDP program. It is anticipated that this review will be completed by the end of calendar year 2014. DMA will notify providers through the North Carolina Medicaid General Bulletin when this update has been posted to the DMA website.

5. How often are reimbursement rates for products covered under the PDP updated?

Answer: In accordance with the NC General Assembly and NC Medicaid State Plan, reimbursement rates for products covered under the PDP have remained frozen in accordance with the rates on file as of October 1, 2009. Products that have entered the marketplace and become reimbursable after October 1, 2009 reflect the rate as determined at the time the product was added to the PDP Program. The rate established upon market entry will then remain frozen.

Exception: In accordance with the NC Medicaid State Plan, contraceptives Nexplanon and Mirena are reimbursed based on WAC plus 6% and reflect rates approved under the state plan as of December 1, 2011.

6. Were there any legislative actions from the 2014 session of the NC General Assembly that impacted the PDP?

Answer: Yes, there were three legislative actions in NC Session Law 2014-100 that impact the PDP Program:

- A 1% rate reduction to all products that will be effective January 1, 2015.
- Paragard reimbursement will be based on the same reimbursement methodology as Nexplanon and Mirena which is WAC plus 6%, effective July 1, 2014.
- Botox reimbursement will be based on the outpatient pharmacy program reimbursement methodology, which is WAC plus 2.7%, effective August 7, 2014.

NATIONAL DRUG CODES

1. Are National Drug Codes (NDC's) required for all drugs billed under the PDP?

Answer: All drugs billed under the PDP must be billed with NDC's to comply with the Deficit Reduction Act of 2005. Vaccines are not considered drugs; therefore, Current Procedural Terminology (CPT) codes for vaccines should not be billed using NDC's.

Refer to the January 2012 Special Bulletin, National Drug Code Implementation Update, at <http://www.ncdhhs.gov/dma/bulletin/NDCSpecialBulletin.pdf>, for additional information.

PRIOR AUTHORIZATION

1. Do drugs covered in the PDP require prior authorization?

Answer: Prior authorization is not required for products under the PDP. Some drugs and biologics that are covered in the PDP are also covered in the Outpatient Pharmacy Program and may require prior authorization under that program. Providers may refer to the PDP fee schedule on DMA's website at <http://www.ncdhhs.gov/dma/fee> or may call CSC at 1-800-688-6696 with the Healthcare Common Procedure Coding System (HCPCS) code of the product

to obtain information regarding coverage and prior authorization requirements. The caller should indicate which program they are referencing (PDP versus Outpatient Pharmacy).

Early and Periodic Screening, Diagnostic, and Treatment (EPSDT)

1. For Medicaid beneficiaries under the age of 21, how does a drug covered in the PDP get considered under the EPSDT program?

Answer: If a provider determines that the indications or dosing for a product is medically necessary for a Medicaid beneficiary under the age of 21 and the parameters fall outside of the guidelines for that product, a request for coverage under EPSDT may be submitted.

A request should be submitted to DMA's PDP program along with beneficiary medical record information to the following address or fax number for consideration:

Attention: Physician's Drug Program
North Carolina Division of Medical Assistance
2501 Mail Service Center
Raleigh, North Carolina 27699-2501
Fax: 919-755-1215
Telephone: 919-855-4300

Note: EPSDT applies only to Medicaid beneficiaries and not to Health Choice recipients. There are no specific forms to complete for PDP EPSDT requests. Documentation must show how the product will correct or ameliorate a defect, physical or mental illness, or a condition [health problem]. This includes:

- Documentation showing that the policy criteria are met;
- Documentation to support that all EPSDT criteria are met; and
- If available, evidence-based literature to support the request.

Additional information regarding the EPSDT program can be found on DMA's website at <http://www.ncdhhs.gov/dma/epsdt/index.htm>.