



**An Information Service of the Division of Medical Assistance**

**North Carolina  
Medicaid Pharmacy  
Newsletter**

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*November 1, 2000*

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Published by EDS, fiscal agent for the North Carolina Medicaid Program  
1-800-688-6696 or 919-851-8888

## New Billing Procedures for Compounds

The new procedure for billing compounds will be implemented on November 13, 2000 and initially claims must be submitted **only** on paper claim forms. This procedure will allow each drug in the compound to be billed separately with its own NDC, if all are Federal Legend drugs. If the compound contains OTC's, the old method should be used and is described in detail in the pharmacy manual on page 17. The NCECS software should be ready in the next few months and notification will be provided in this bulletin.

To qualify, all ingredients billed must be prescription drugs and have a NDC. However, all previous compound rules still apply. If the compound contains an OTC, you must bill as before, or elect to forfeit payment for OTC's and bill only the prescription items. When using the old method, the dummy NDC (00990-0000-00) should be used on the detail line and the individual ingredients should be listed at the bottom of the claim form with the actual NDC, drug name, quantity and cost per ingredient noted. Omitting any of this information will result in a denial. The total cost for all ingredients plus the dispensing fee should equal what is listed on the detail line as the billed amount. Chemicals that do not have NDC's are not reimbursable. It is considered fraud to use a manufacturer's NDC if their product is not actually being used. If questionable claims are submitted, invoices may be requested to prove certain drugs were actually in stock.

The new procedure will allow each drug in the compound to be billed separately with its own NDC. In addition, a compound indicator will need to be used to avoid duplicate denials and extra dispensing fee payment errors. This indicator will be the letters A-Z, excluding N, X, and Y, in the block formerly used for EPSDT. For example, the 1<sup>st</sup> compound for each recipient in each calendar month will be "A", the 2<sup>nd</sup> will be "B", etc. If a compound prescription is submitted more than once within the same month be sure to file using the same compound indicator code. For example, if an "A" was used the first time, be sure to use an "A" each time the same compound prescription is submitted.

As usual, quantities must be billed in round numbers, not decimals. If appropriate, round up to the nearest whole number. Otherwise, try combining the total quantity dispensed of the same drug for that recipient in a calendar month.

As you can see in the attached example, lines 0-1 are the drugs in the 1<sup>st</sup> compound and each is coded with an A in the EPSDT field. Lines 2-3 are the second compound and coded with a B. Line 4 is the third compound with an OTC, so it is billed using the old method. Only one dispensing fee will be paid per the same compound per month. The dispensing fee should be included with each line item and the system will decide which drug it will pay the dispensing fee on. The Remittance Advice will show the first drug paid with the dispensing fee and the subsequent drugs in the compound or a refill of the same compound will have EOB 1545 –Additional Compound Ingredient or Repeat Medication, Professional Fee Previously Paid.

Additional examples can be found in the June 26, 2000 Newsletter.

**Example will be included here.**

## Changes in Drug Rebate Manufacturers

The following changes are being made in manufacturers with Drug Rebate agreements. They are listed by Manufacturer code, the first five digits of the NDC.

### Additions

The following labelers have entered into drug rebate agreements and joined the rebate program effective on the dates indicated below:

<i>Code</i>	<i>Manufacturer</i>	<i>Date</i>
64681	MGP Apothecon	8/2/2000
65581	Propst Pharmaceuticals, LLC	9/6/2000
65597	Sankyo Pharma Inc.	8/2/2000
65628	Cutis Pharma, Inc.	10/12/2000
65649	Salix Pharmaceuticals, Inc.	8/15/2000
65726	Reliant Pharmaceuticals, LLC	8/31/2000

### Deletions

The following labeler was terminated effective October 1, 2000:

<i>Code</i>	<i>Manufacturer</i>
63789	Pharm-Tech, Inc.

The following labelers are being voluntarily terminated effective January 1, 2001:

<i>Code</i>	<i>Manufacturer</i>
00014	G.D. Searle & Co
00719	Bioline Laboratories Inc.
00822	Knoll Pharmaceutical Company
47679	Baxter Healthcare Corporation
54274	Best Generics, Inc.
55726	Carpenter Pharmaceutical Co., Inc.
62860	Neurex Corporation
64054	E.M.T.-Rx

Only the labeler codes indicated will be terminated. Many of the larger manufacturers have more than one labeler code.

### Additions to DESI List

The following NDC's have been added to the DESI list, which was included in the June 26, 2000 Newsletter.

<b>NDC</b>	<b>Product</b>
51079-0318-10	Anti-Spasmodic Elixir
61570-0504-50	Tigan 200mg Suppositories

## **Post Dating Prescriptions**

Some questions have come up concerning the legality of post dating prescriptions. The Drug Enforcement Agency (DEA) has ruled that all prescriptions for controlled substances shall be dated as of, and signed on the day when issued and shall bear the full name and address of the patient, the drug name, strength, dosage form, quantity prescribed, direction for use and name, address and registration number of the practitioner.

## **Generic Substitution**

We have seen examples where the pharmacist substituted a generic drug for the brand name drug that was more expensive than the brand name drug, thus costing the Medicaid program more than if the brand name drug had been dispensed. This usually occurs when a generic drug's AWP has been inflated much greater than what the pharmacist paid for the drug. This practice will no longer be acceptable under the Medicaid drug program. Be sure you do not use a drug that is more expensive than the one originally written for. Failure to comply to this rule will result in the recoupment of the total amount paid for the prescription and possibly a penalty for billing a prescription that is not in compliance with the rules that govern the Medicaid program. Be sure to follow the rules related to generic substitution, which states that the drug dispensed cannot be more expensive than the one it was originally written for.

## **Holiday Observance**

The Division of Medical Assistance (DMA) and EDS will be closed on Friday, November 10, in observance of Veteran's Day, and on Thursday, November 23 and Friday, November 24, in observance of Thanksgiving.

## Tax Identification Information

### Alert – Tax Update Requested

North Carolina Medicaid must have the proper tax information for all providers. This ensures correct issuance of 1099 MISC forms each year and that the correct tax information is provided to the IRS. Inappropriate information on file can result in the IRS withholding 31% of a provider's Medicaid payments. **Be sure the individual responsible for maintenance of tax information receives the following information.**

### How to Verify Tax Information

The last page of the Medicaid Remittance and Status Advice (RA) indicates the provider tax name and number that Medicaid has on file. Refer to the Medicaid RA throughout the year for each provider number to ensure Medicaid has the correct tax information on file. The tax information needed for a group practice is as follows: (1) Group tax name and group tax number (2) Attending Medicaid provider numbers in the group. If a Medicaid RA is needed, call EDS Provider Services 919-851-8888 or 1-800-688-6696 to verify the tax information on file for each provider number.

Providers should complete a Special W-9 (see next page) for all provider numbers with **incorrect** information on file. Instructions for completing the Special W-9 are listed below.

- Fill in the North Carolina Medicaid Provider Name Block (**must be completed**).
- Fill in the North Carolina Medicaid Provider Number (**must be completed**).
- Part I Correction field – Indicate tax identification number exactly as the IRS has on file for the provider's business. Do not insert a Social Security Number unless the business is a sole proprietorship or individually owned and operated.
- Part II Correction field – Indicate tax name exactly as the IRS has on file for the provider's business.
- Part III – Indicate the appropriate type of organization for the provider's business. If a Social Security Number is indicated as the tax identification number, select individual/sole proprietor as the type of organization.
- Part IV – An authorized person **MUST** sign and date this form, or it will be returned as incomplete and the tax data on file with Medicaid **will not** be updated.

### Send Completed and Signed Forms by December 8, 2000 to:

EDS 4905 Waters Edge Drive Raleigh, NC 27606 Attention: Provider Services	OR	FAX to 919-851-4014 Attention: Provider Services
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### Change of Ownership

Contact DMA Provider Services at 919-857-4017 to report all changes in business ownership. If necessary, a new Medicaid provider number will be assigned and Provider Services will ensure the correct tax information is on file for Medicaid payments.

If DMA is not contacted and the incorrect provider number is used, that provider will be **liable for taxes** on income not necessarily received by the provider's business. DMA will assume no responsibility for penalties assessed by the IRS or for misrouted payments prior to written receipt of notification of ownership changes.

### Group Practice Changes

When a physician leaves or a physician is added to a group practice, contact DMA Provider Services to update Medicaid enrollment and tax information.

Remember, without notifying DMA Provider Services, the incorrect tax information could remain on file and your business could become liable for taxes on Medicaid payments you did not receive.

## Special W-9

Complete all four parts below and return to EDS. Incomplete forms will be returned to you for proper completion.

Provider Name:

Provider Number:

**Part I. Provider Taxpayer Identification Number:**

Your tax identification number should be reflected below exactly as the IRS has on file for you and/or your business. Please verify the number on file (per the last page of your most recent RA) and update as necessary in the correction fields listed below:

Correction Field (please write clearly in black ink):

Employer Identification Number/Taxpayer Identification Number

Social Security Number **\*\*If you do not have an employer ID then indicate social security number if you are an individual or sole proprietor only**

**Part II. Provider Tax Name:**

Your tax name should be reflected below exactly as the IRS has on file for you and/or your business. Individuals and sole proprietors must use their proper personal names as their tax name. Please verify the name on file (per the last page of your most recent RA) and update as necessary in the correction fields listed below:

Correction Field:

**Part III. Type of Organization - Indicate below:**

\_\_\_\_\_ Corporation/Professional Association      \_\_\_\_\_ Individual/Sole Proprietor      \_\_\_\_\_ Partnership

\_\_\_\_\_ Other: \_\_\_\_\_      \_\_\_\_\_ Government: \_\_\_\_\_

**Part IV. Certification**

Certification – Under the penalties of perjury, I certify that the information provided on this form is true, correct, and complete.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**EDS Office Use Only**

Date Received: \_\_\_\_\_ Name Control: \_\_\_\_\_ Date Entered: \_\_\_\_\_

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Checkwrite Schedule

November 7, 2000	December 5, 2000	January 9, 2001
November 14, 2000	December 12, 2000	January 17, 2001
November 21, 2000	December 21, 2000	January 25, 2001
November 30, 2000		

Electronic Cut-Off Schedule

November 3, 2000	December 1, 2000	January 5, 2001
November 10, 2000	December 8, 2000	January 12, 2001
November 17, 2000	December 15, 2000	January 19, 2001
November 22, 2000		

*Electronic claims must be transmitted and completed by 5:00 p.m. on the cut-off date to be included in the next checkwrite. Any claims transmitted after 5:00 p.m. will be processed on the second checkwrite following the transmission date.*

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Paul R. Perruzzi, Director  
Division of Medical Assistance  
Department of Health and Human Services

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John W. Tsikerdanos  
Executive Director  
EDS



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