PROVIDER BULLETIN

BT200613 APRIL 28, 2006

To: All Pharmacy Providers

Subject: Billing and Policy Reminders: Emergency Supply, Third Party Liability Codes

Overview

A recent analysis of paid pharmacy claims, related to ongoing program-monitoring activities, has revealed that some pharmacy providers are inappropriately utilizing Emergency Supply Policy provisions as specified in Medicaid policy. The analysis also noted that some providers are misusing third party liability (TPL) codes. This bulletin is being issued in order to remind providers of applicable Indiana Health Coverage Programs (IHCP) policies and procedures regarding both subject matter.

Emergency Supply

Policy and procedures regarding provision of *emergency supply* of covered drugs are clearly set forth on the *Emergency Supply* page located on the IHCP Web site at http://www.indianapbm.com/emergencySupply.htm.

The following is the content of the *Emergency Supply* page of the IHCP Web site.

Emergency Supply

In instances where prior authorization (PA) cannot be immediately obtained, a pharmacist may dispense at least a 72-hour supply of a covered outpatient drug and will be reimbursed by the IHCP if, subsequent to dispensing in an emergent situation, indication is made on the claim that the supply is for an emergency need.

In order to allow for holiday weekends and times when prior authorization offices are closed, operational policy regarding "emergency situations" is that pharmacies can be paid for claims representing a maximum of a four day supply of a covered outpatient drug without prior authorization.

For packaging that inherently cannot be broken down to a 4 day or less supply (example: metered dose inhalers), pharmacy is advised to dispense the smallest quantity possible adequate for the "emergency situtation". The provider should internally document that the quantity dispensed was, due to manufacturer packaging constraints, the least that could be dispensed while meeting the patient needs during the "emergency situation".

All emergency claims (both paper and electronic/POS) should be processed with the Level of Service = 03 (Emergency Indicator) and the actual "days supply" being dispensed up to but not exceeding "4".

Emergency Indicator = 03 Level of Service
Days Supply = less than or equal to 4 days

The purpose of the Emergency Supply Policy is to comply with federal emergency supply provisions, and ensure that patients do not go without covered outpatient drugs in emergency situations. Emergency situations are being construed as including instances when it is not possible to obtain prior authorization (PA) due to PA offices being closed. It is not the intent to allow pharmacy providers to circumvent otherwise applicable program parameters, such as PDL status, "brand medically necessary" requirements, PDL step therapy edits, or early refill edits. It has been determined from the recent review, that some providers are misusing the *emergency supply* provisions for such purposes and perhaps in other inappropriate situations.

EDS intends to make compliance with the *emergency supply* provisions of the Medicaid program a primary focus of review by the pharmacy audit contractor, Prudent Rx. Those providers found to be violating the Emergency Supply Billing Policy face possible recoupment of funds associated with the misbillings, as well as other applicable sanctions.

Third Party Liability Codes

Some pharmacy providers are misusing third party liability (TPL) codes, in particular, *TPL Override Code 2*. This code is intended to: (1.) be utilized by a pharmacy to indicate that they have billed the primary payer, and (2.) reflect the actual dollar amount that the primary payer has paid towards the claim. In particular, when using *TPL Override Code 2*, the pharmacy provider must report a non-zero amount in National Council for Prescription Drug Programs (NCPDP) field *431-DV – Other Payer Amount Paid*. If the primary payer has been billed and has not paid any amount, a *TPL Override Code 2* should never be used. There are more appropriate codes to report the situation. Attachment 1 of this bulletin is a quick reference of all TPL Override Codes available for use with the NCPDP versions 5.1 and 1.1 transaction sets. For the full descriptions of these override codes and the corresponding NCPDP field numbers for all TPL information, refer to the *Companion Guide: NCPDP Versions 1.1 and 5.1 Transaction Payer Sheet* available on the IHCP Web site at http://www.indianamedicaid.com/ihcp/TradingPartner/CompanionGuides/payersheet.pdf.

Review your utilization of the TPL Override Codes to ensure that in **all** instances the codes are being used solely as specified.

Contact Information

Providers should direct any questions about this bulletin or pharmacy claims processing to the EDS Pharmacy Services Help Desk by calling (317) 655-3240 in the Indianapolis local area, or 1-800-577-1278.

If you need additional copies of this bulletin, please download them from the IHCP Web site at http://www.indianamedicaid.com/ihcp/Publications/bulletin_results.asp. To receive e-mail notifications of future IHCP publications, subscribe to the IHCP E-mail Notifications at http://www.indianamedicaid.com/ihcp/mailing_list/default.asp.

Third Party Liability (TPL) Override Codes Quick Reference

Code and Description	Explanation
TPL Override Code 2 – Other payment exists-payment collected	This code should be used when other insurance exists and payment is collected. The other payer amount collected [National Council for Prescription Drug Programs (NCPDP) field 431-DV] and other payer date (NCPDP field 443-E8) must be populated with a non-zero amount.
TPL Override Code 3 – Other coverage exists-this claim not covered	This code should be used when the primary insurance does not cover any portion of the claim. Examples of this include over-the-counter (OTC) items and any other item that is covered by the Indiana Health Coverage Programs (IHCP) that is not covered by the primary insurance.
TPL Override Code 4 – Other coverage exists-payment not collected	This code should only be used in cases in which a patient has active TPL coverage, but the claim is not paid. Deductibles and exhausted benefits are examples of such situations.
TPL Override Code 5 – Managed Care plan denial	This code should **not** be used for risk-based managed care (RBMC) IHCP denials; rather, it is to be used when the primary insurance is a managed care organization that denies the claim.
TPL Override Code 6 – Other coverage exists, not a participating provider	This code should be used when the dispensing pharmacy or prescribing physician is not a participating provider in the primary insurance company's network.
TPL Override Code 7 – Other coverage exists, not in effect at time of service	The dispensing pharmacy should use this code only if a denial has been received from the primary insurance company stating the coverage for the participant has been terminated or if it has been otherwise verified that there is no other existing third party coverage.
TPL Override Code 8- Claim is billing for a copay	This code should be used when the pharmacy is billing the IHCP for a fixed copayment required by another insurer. The copay amount should be submitted in the *Gross Amount Due* and *Other Amount Claimed* submitted fields (NCPDP fields 430-DU and 480-H9, respectively)