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To: All Indiana Health Coverage Programs Pharmacy Providers

Subject: Implementation of Claims Processing System Enhancements To Ensure Over The Counter Formulary Compliance

Overview

This bulletin is to advise pharmacy providers of enhancements to the IndianaAIM claims processing system. The system modifications will ensure that claims for over the counter (OTC) drugs *not* listed on the Indiana Health Coverage Programs (IHCP) Drug Formulary will be denied payment. This, in turn, will increase defensibility of IHCP claims data used to obtain federally-mandated rebates from participating drug manufacturers.

Pharmacy providers should be aware that the IHCP maintains an OTC drug formulary. This formulary, developed and implemented in conjunction with and based on recommendations by the State's Medicaid Drug Utilization Review Board, contains the major therapeutic categories of OTC drugs. Within each category, there is a diverse representation of products available for reimbursement under the IHCP.

IHCP has relied primarily on pharmacists' compliance to ensure that non-formulary products were not dispensed and claimed for reimbursement. IndianaAIM, has now made it possible to implement claims processing system edits that will deny claims submitted for items *not* included on the OTC drug formulary. These edits will be in place and activated during the first quarter of 2000.

This bulletin is to remind pharmacy providers that it is *essential* that they not submit claims to the IHCP for non-formulary OTC drugs, and doing so after implementation of the system edits will result in denial

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of the claim. If the formulary status of a prescribed OTC drug is unclear, call the POS/Pro-DUR help desk at 1-877-877 5182 for clarification. Ultimately, it is the responsibility of the dispensing pharmacist to only dispense and bill the program listed OTC formulary drugs and obtain any necessary clarification.

Bulletins and banner page articles will be issued to announce the finalized implementation date of the above-referenced edits. In the interim, the Office of Medicaid Policy and Planning suggests that providers re-evaluate the procedures used to ensure that only OTC formulary-included drugs are dispensed and billed to the IHCP. These changes will minimize or obviate any impact on business resulting from the implementation of the systems edits. Should a pharmacist require a copy of the current IHCP OTC Drug Formulary, please contact the EDS Written Inquiry Unit at the following address:

EDS Written Inquiry Unit
P.O. Box 68420
Indianapolis, IN 46268-0420.

Thank you for your attention to this information. Should you have any related questions, please contact EDS Customer Assistance at 1-800-577-1278.