

Pharmacists: Important Information About the Medicaid & CHIP Vendor Drug Program

The Texas Health and Human Services Commission (HHSC) is responsible for statewide oversight of the Texas Medicaid Program and the Texas Medicaid/CHIP Vendor Drug Program (VDP).

Preferred Drug List

How drugs are selected for the PDL: HHSC approves drugs listed on the Texas Drug Code Index (TDCI) for inclusion on the PDL based on:

- The recommendations of the Pharmaceutical and Therapeutics Committee (P&T Committee);
- The clinical efficacy and safety of the drug, consistent with the determination of the Food and Drug Administration and the recommendations of the P&T committee;
- Comparison of the price of the drug and the price of competing drugs;
- A program benefit offered by the manufacturer or labeler of the drug and accepted by HHSC; and
- Written evidence offered by a manufacturer or labeler supporting the inclusion of a product on the PDL.

Revisions to the PDL: Notification of any changes or revisions to the PDL is posted to the HHSC website no later than 30 days prior to implementation of the revisions (see web link below).

Exclusion of a drug from the PDL: A drug that is not included in the PDL is designated as a non-preferred drug (NPD) and will be subject to prior authorization by HHSC.

Prior Authorization

Requests for prior authorization: Only the health care practitioner, or his/her designated agent, who prescribes a non-preferred drug for a Medicaid recipient, can request prior authorization (PA) of that drug. Pharmacists may not directly request authorization.

For Medicaid recipients: The PA requirement does not apply to a newly enrolled Medicaid recipient until the 31st calendar day after the date of the determination of the recipient's Medicaid eligibility; the automated claims system will not require PA in these cases.

Disposition of requests for prior authorization: ACS Heritage Information Systems/ PA Texas will notify the requesting practitioner of the approval or disapproval of the request within 24 hours of the receipt of the request.

For CHIP recipients: Currently, CHIP does not have PDL or prior authorization requirements. However, PDL/PA requirements for CHIP clients may be implemented in 2006. The CHIP PDL developed may not be identical to the Medicaid PDL, but the PA process would be the same for both programs.

Over-The-Counter Drugs

For Medicaid recipients: Medicaid covers many over-the-counter (OTC) drugs with a doctor's prescription, for both children and adults who are not residents of a nursing facility. Medicaid will still provide OTC coverage after 1/2006 for clients who also have Medicare Part D.

For CHIP recipients: Over-the-counter (OTC) drugs are not covered by CHIP, except for insulin and insulin syringes.

Quantity Limitations

No monthly limits may be applied to children or teens: Medicaid clients under age 21 are not subject to a monthly limit on the number of prescriptions they may receive (under Federal law).

For recipients with monthly prescription limitations: The VDP will allow up to a six-month supply of medication for clients with a monthly prescription limit when necessary. (Most adult Medicaid clients who are not in a managed care program are subject to monthly limits.) Only the prescriber can decide if a multi-month supply is appropriate, and will generally restrict this to maintenance medications.

For recipients with access to unlimited prescriptions: The VDP reimburses the pharmacy provider dispensing a medication for a quantity that does not exceed a one-month (thirty-four day) supply. (Most adults who participate in a managed care program do not have monthly limits.)

Reimbursement: To be reimbursed by the VDP, a refill may be dispensed only after 75% of a previous dispensing of the same drug entity and same drug strength would have been used if taken according to the prescriber's orders.

Refills: A recipient may obtain an early medication refill for a justifiable reason. A justifiable reason includes, but is not limited to, a dosage increase or an anticipated prolonged absence from the community. The reason must be noted on the original prescription. Other exceptions may include lost, stolen or damaged medication.

Maximum Quantities: Some medications have maximum quantities placed on them due to safety, efficacy or other policy reasons.

Newborn Drug Claims

For Medicaid recipients: If a recipient identification number is not available, submit claims on Form 3700. The mother's name and recipient identification number and the child's name and date of birth should be entered on the explanation line, and the Cardholder ID field should be blank. These claims should **not** be submitted on-line using the mother's recipient identification number. The pharmacy may call the VDP Help Desk to assist with information on eligibility and claim submission.

For CHIP recipients: Eligibility for CHIP is not automatically granted to newborns.

Clinical Edits

HHSC has begun phasing in "clinical edit" criteria, under which prior authorization (PA) may be required even for preferred drugs. This PA process is similar to the process already used for the PDL. Prior authorizations are handled both through SmartPA (an automated, point-of-sale system) and the Texas Prior Authorization Call Center. SmartPA will help reduce the need for PA phone calls.

1. HHSC establishes clinical criteria by which recipients will be able to receive certain products. The criteria may include age, diagnosis from medical history or inferred diagnosis from prescription claims history.
2. When a pharmacy submits a Medicaid claim for a product subject to a clinical edit, the SmartPA system checks the patient's available medical and prescription drug claims histories to determine whether the information in the system shows that the patient's condition meets the established criteria.
3. If the patient's medical and claims histories demonstrate the criteria are met, the claim is approved.
4. If the patient's medical and claims histories do not meet the criteria, the pharmacy receives a message indicating that the prescriber, or his/her agent, needs to call the Texas Prior Authorization Call Center at **1-877-PA-TEXAS**.

The most current information regarding the Vendor Drug Program can be found at:

<http://www.hhsc.state.tx.us/HCF/vdp/vdpstart.html>

This information sheet has been prepared by the Houston/Harris County Covering Kids and Families Access Initiative. To learn more about the Initiative, please call the Children's Defense Fund of Texas at 713-664-4080. **Rev. 8/2005.**