Iowa Department of Human Services

Terry E. Branstad
Governor

Kim Reynolds
Lt. Governor

Charles M. Palmer
Director

May 5, 2016

MCO CEO Name
MCO
Address Line 1
Address Line 2
Des Moines, Iowa XX

Dear Ms/Mr.:

This letter is a formal notification of the state's expectations related to the operations and implementation of Iowa Medicaid under the managed care program. This purpose of this letter is to do following:

☒Provide formal guidance
☐Request for information

Content

Various issues have been reported regarding the administration of the Covered Outpatient Drugs Pharmacy benefit in the areas of:

1. Pharmacy Drug Reimbursement
2. Pharmacy Drug Prior Authorizations (PA)
3. Medicaid Preferred Drug List (PDL), Prior Authorization (PA) and Utilization Edits
4. Medicaid as Secondary Insurance
5. Dual Eligibles
6. Specialty Pharmacy Program, and
7. Durable Medical Equipment (DME) Billing

Guidance: The following addresses the required administration of each specific policy area:

1. Pharmacy Drug Reimbursement - Reimbursement must be the same as the Medicaid fee for service methodology.
2. Pharmacy PA –
    a. Provide a response by telephone or other telecommunication device within 24 hours of a request for PA.
    b. PA denials must accurately reflect the reason(s) for denial if the criteria are not met.
3. Medicaid PDL, PA and Utilization Edits - Must enforce Medicaid Fee for Service PDL, PA criteria and Utilization Edits. PA should be available for claims exceeding utilization edits and reviewed for coverage consideration.
4. Medicaid as Secondary Insurance - Must have a process in place for submission of secondary insurance claims and accurately reimburse up to the Medicaid allowable.

Must educate and assist provider networks in processing these secondary claims timely and must educate help desk staff on this process.

5. Dual Eligibles (Medicaid members who also qualify for Medicare) - Must deny all Medicare Part B and D covered drugs for all dual eligibles, including those not enrolled in a Medicare Part D plan. Must not reimburse for member's Medicare Part D copayment.
6. Specialty Pharmacy Program - Must not require medications be obtained through a specialty pharmacy until the program is approved by the Department of Human Services (DHS), there has been extensive education of providers, members and help desk staff on the requirements and there is a contingency plan in place for immediate need of medication in extenuating circumstances.
7. Durable Medical Equipment (DME) Billing - Ensure there is a process in place for billing DME that does not process through the PDL, including enteral nutrition. Ensure all providers and help desk staff are educated on the process.

When there are issues/conflicts or inconsistencies with the pharmacy program which needs to be escalated:

1. The MCO should contact their assigned Account Manager.

2. The Account Manager will contact the applicable IME policy staff for research/resolution.

3. The MCO Account Manager reports back to the MCO.

Please sign and return the attached receipt and attestation of understanding by May 9, 2016.

Sincerely,

Elizabeth Matney

Attestation:

I hereby attest to understanding this communication including all requirements and due dates.

Name_____ Date_____