

Document: Proposed Rule

Source: April 1, 2001, Indiana Register, Volume 24, Number 7

Disclaimer: These documents were created from the files used to produce the official (printed) Indiana Register, however, these documents are unofficial.

**TITLE 405 OFFICE OF THE SECRETARY OF
FAMILY AND SOCIAL SERVICES**

Proposed Rule
LSA Document #01-22

DIGEST

Amends 405 IAC 5-3-10 and 405 IAC 5-3-13 to revise prior authorization requirements for drugs covered by the Medicaid program. Amends 405 IAC 5-24-4 and 405 IAC 5-24-6 to revise reimbursement policy for pharmacy services in the Medicaid program. Adds 405 IAC 5-24-8.5 to revise prior authorization requirements for drugs covered by the Medicaid program. Effective 30 days after filing with the secretary of state.

405 IAC 5-3-10

405 IAC 5-24-6

405 IAC 5-3-13

405 IAC 5-24-8.5

405 IAC 5-24-4

SECTION 1. 405 IAC 5-3-10 IS AMENDED TO READ AS FOLLOWS:

405 IAC 5-3-10 Providers who may submit prior authorization requests

Authority: IC 12-8-6-3; IC 12-8-6-5; IC 12-15-1-10; IC 12-15-21-2; IC 12-15-21-3

Affected: IC 12

Sec. 10. Prior authorization requests may be submitted by any of the following:

- (1) Doctor of medicine.
- (2) Doctor of osteopathy.
- (3) Dentist.
- (4) Optometrist.
- (5) Podiatrist.
- (6) Chiropractor.
- (7) Psychologist endorsed as a health service provider in psychology (HSPP).
- (8) Home health agency.
- (9) Hospitals.

(10) For drugs subject to prior authorization, any provider with prescriptive authority under Indiana law.

Requests from other provider types will not be accepted except for transportation services. (*Office of the Secretary of Family and Social Services; 405 IAC 5-3-10; filed Jul 25, 1997, 4:00 p.m.: 20 IR 3305*)

SECTION 2. 405 IAC 5-3-13, AS AMENDED AT 24 IR 14, SECTION 1, IS AMENDED TO READ AS FOLLOWS:

405 IAC 5-3-13 Services requiring prior authorization

Authority: IC 12-8-6-3; IC 12-8-6-5; IC 12-15-1-10; IC 12-15-21-2; IC 12-15-21-3

Affected: IC 12-13-7-3; IC 12-15

Sec. 13. (a) Medicaid reimbursement is available for the following services with prior authorization:

- (1) Reduction mammoplasties.
- (2) Rhinoplasty or bridge repair of the nose when related to a significant obstructive breathing problem.
- (3) Intersex surgery.
- (4) Blepharoplasties for a significant obstructive vision problem.
- (5) Sliding mandibular osteotomies for prognathism or micrognathism.
- (6) Reconstructive or plastic surgery.

- (7) Bone marrow or stem cell transplants.
- (8) All organ transplants covered by the Medicaid program.
- (9) Plasmapheresis.
- (10) Strabismus surgery for patients over ten (10) years of age.
- (11) Home health services.
- (12) Maxillofacial surgeries related to diseases and conditions of the jaws and contiguous structures.
- (13) Temporomandibular joint surgery.
- (14) Submucous resection of nasal septum and septoplasty when associated with significant obstruction.
- (15) Hysterectomy.
- (16) Tonsillectomy.
- (17) Tonsillectomy and adenoidectomy.
- (18) Cataract extraction.
- (19) Surgical procedures involving the foot.
- (20) Weight reduction surgery, including gastroplasty and related gastrointestinal surgery.
- (21) Any procedure ordinarily rendered on an outpatient basis, when rendered on an inpatient basis.
- (22) All dental admissions.
- (23) Stress electrocardiograms except for medical conditions.
- (24) Brand medically necessary drugs.
- (25) Other drugs as specified in accordance with 405 IAC 5-24-8.5.**
- ~~(25)~~ **(26)** Psychiatric inpatient admissions, including admissions for substance abuse.
- ~~(26)~~ **(27)** Rehabilitation inpatient admissions.
- ~~(27)~~ **(28)** As otherwise specified in this article.

If any of the surgeries listed in this section are performed during a hospital stay for another condition, prior authorization is required for the surgical procedure.

(b) Requests for prior authorization for the surgical procedures in this section will be reviewed for medical necessity on a case-by-case basis in accordance with this rule. (*Office of the Secretary of Family and Social Services; 405 IAC 5-3-13; filed Jul 25, 1997, 4:00 p.m.: 20 IR 3306; filed Sep 1, 2000, 2:16 p.m.: 24 IR 14*)

SECTION 3. 405 IAC 5-24-4 IS AMENDED TO READ AS FOLLOWS:

405 IAC 5-24-4 Reimbursement for legend drugs

Authority: IC 12-8-6-5; IC 12-15-1-10; IC 12-15-21-2

Affected: IC 12-13-7-3; IC 12-15

Sec. 4. (a) The office shall reimburse pharmacy providers for covered legend drugs at the lowest of the following:

- (1) The estimated acquisition cost (EAC) of the drug as of the date of dispensing, plus any applicable Medicaid dispensing fee.
- (2) The maximum allowable cost (MAC) of the drug as determined by the Health Care Financing Administration under 42 CFR 447.332 as of the date of dispensing, plus any applicable Medicaid dispensing fee.
- (3) The provider's submitted charge, representing the provider's usual and customary charge for the drug, as of the date of dispensing.

(b) For purposes of this section, the Indiana Medicaid EAC is ~~ninety eight~~ **eighty-seven** percent (~~90%~~) (**87%**) of the average wholesale price for each National Drug Code according to the Medicaid contractor's drug database file. (*Office of the Secretary of Family and Social Services; 405 IAC 5-24-4; filed Jul 25, 1997, 4:00 p.m.: 20 IR 3345*)

SECTION 4. 405 IAC 5-24-6 IS AMENDED TO READ AS FOLLOWS:

405 IAC 5-24-6 Dispensing fee

Authority: IC 12-8-6-5; IC 12-15-1-10; IC 12-15-21-2

Affected: IC 12-13-7-3; IC 12-15

Sec. 6. (a) For purposes of this rule, the Indiana Medicaid dispensing fee maximum is ~~four~~ **two** dollars (~~\$4~~) (**\$2**) per legend drug.

(b) A maximum of one (1) dispensing fee per month is allowable per recipient per drug order for legend drugs provided to

Medicaid recipients residing in Medicaid certified long term care facilities.

(c) The practice of split billing of legend drugs, defined as the dispensing of less than the prescribed amount of drug solely for the purpose of collecting more dispensing fees than would otherwise be allowed, is prohibited. In cases in which the pharmacist's professional judgment dictates that a quantity less than the amount prescribed be dispensed, the pharmacist should contact the prescribing practitioner for authorization to dispense a lesser quantity. The pharmacist must document the result of the contact and the pharmacist's rationale for dispensing less than the amount prescribed on the prescription or in the pharmacist's records. (*Office of the Secretary of Family and Social Services; 405 IAC 5-24-6; filed Jul 25, 1997, 4:00 p.m.: 20 IR 3345*)

SECTION 5. 405 IAC 5-24-8.5 IS ADDED TO READ AS FOLLOWS:

405 IAC 5-24-8.5 Prior authorization; other drugs

Authority: IC 12-8-6-5; IC 12-15-1-10; IC 12-15-21-2

Affected: IC 12-13-7-3; IC 12-15-13-6

Sec. 8.5. (a) The office may, in compliance with all state and federal laws governing prior authorization programs, establish prior authorization requirements for other drugs covered under Medicaid. The drugs subject to prior authorization under this section shall be identified and published as a provider bulletin. Any provider bulletin described in this section shall be made effective no earlier than permitted under IC 12-15-13-6(a).

(b) The prior authorization number assigned to the approved request must be included on the prescription or drug order issued by the prescriber or relayed to the dispensing pharmacist by the prescriber if the prescription is orally transmitted. Prior authorization will be determined in accordance with the provisions of 405 IAC 5-3 and 42 U.S.C. 1396r-8(d)(5). (*Office of the Secretary of Family and Social Services; 405 IAC 5-24-8.5*)

Notice of Public Hearing

Under IC 4-22-2-24, notice is hereby given that on April 23, 2001 at 9:00 a.m., at the Indiana Government Center-South, 402 West Washington Street, Conference Center Room 4, Indianapolis, Indiana the Office of the Secretary of Family and Social Services will hold a public hearing on proposed amendments to revise prior authorization requirements for drugs covered by the Medicaid program and to revise reimbursement policy for pharmacy services in the Medicaid program. Copies of these rules are now on file at the Indiana Government Center-South, 402 West Washington Street, Room W451 and Legislative Services Agency, One North Capitol, Suite 325, Indianapolis, Indiana and are open for public inspection.

Katherine Humphreys
Secretary
Office of the Secretary of Family and Social Services