

## CHAPTER 7

### OUTPATIENT MEDICATION PRIOR AUTHORIZATION PROGRAM

BWC utilizes the services of a pharmacy benefit management (“PBM”) vendor to process outpatient medication bills for State-Fund, Black Lung and Marine Industrial Fund claims. The PBM is a single source for accepting and adjudicating prescription drug information and is separate from the Managed Care Organizations (MCOs). This program does not apply to claims managed by self-insured employers. Questions related to self-insured claims should be referred to the injured worker’s employer.

As part of its responsibilities, the PBM:

- Performs on-line, point-of-service adjudication of outpatient medication bills with prescription information transmitted electronically between a pharmacy and PBM;
- Enrolls pharmacy providers in a BWC-specific network;
- Maintains a prior authorization (PA) system for certain outpatient medications identified by BWC and
- Utilizes review editing for prescribed medications.

#### E. BILLING

Pharmacy providers are expected to submit bills for outpatient medications at the point-of-service in all claims, including situations prior to a BWC claim number being assigned. In order to submit a bill at the point-of-service, the pharmacist must transmit at least two of the following three items, along with the other billing information, to the PBM:

- BWC claim number;
- Social Security number;
- Date of injury.

##### 1. Captured/Suspended Bills

If there is no claim found in the eligibility file that matches the submitted eligibility data elements, or the matched claim is not in a “pending” claim status, the PBM will reject the bill and return a message to the pharmacist that indicates the current claim status and also the amount that would be allowed per BWC’s fee schedule should the medication be allowed.

At this point, the pharmacist has 2 options:

###### a. Charge the patient:

The pharmacist should inform the the alleged injured worker of the amount that he/she would have to pay in order to receive the medication which is the amount that was returned to the pharmacist when the initial submittal was denied. If the alleged injured worker agrees to pay for the medication, the pharmacist must then resubmit the bill information to the PBM with a Prior Authorization Code of “88800000”.

The PBM will then capture the bill information, and return the amount to be paid by the alleged injured worker in the co-payment field on the prescription receipt.

The PBM will review all bills in a captured/suspended bill status on their system daily, and if a claim is found that matches the submitted eligibility information that is in an ALLOWED status, the bill is adjudicated and paid to the INJURED WORKER

based on the PA code of “888000000”. If the claim is DISALLOWED, the bill will be denied and removed from the suspended bill file.

**b. Accept assignment**

At the pharmacist’s discretion, they can elect to “accept assignment” and not charge the alleged injured worker. If the pharmacist wants to accept assignment, he/she must resubmit the bill to the PBM with the Prior Authorization code of “999000000”. The co-payment field will default to “\$0.00”, and the alleged injured worker is supplied the medication at no charge. The bill information is then captured/suspended by the PBM.

The PBM will review all bills in a captured/suspended bill status on their system daily, and if a claim is found that matches the submitted eligibility information that is in an ALLOWED status, the bill is adjudicated and paid to the PHARMACY based on the PA code of “999000000”. If the claim is DISALLOWED, the bill will be denied and removed from the suspended bill file. If the bill is paid, the pharmacy will receive an additional fee of \$2.50 as payment for the risk associated with accepting assignment of the prescription.

**2. Paid/Denied Bills**

If the submitted eligibility data elements are matched to a BWC claim, the PBM verifies the information, processes the bill and sends the pharmacist an appropriate message based on the claim’s status and allowed conditions.

**B. PRIOR AUTHORIZATION PROGRAMS**

**1. Non-preferred Medication**

BWC requires prior authorization for medications on the non-preferred drug list. The non-preferred drug list can be found at:

<http://www.ohiobwc.com/downloads/blankpdf/NonPreferredDrugs.pdf>

To obtain authorization of medications on the non-preferred drug list, the prescribing physician must complete a *Request for Prior Authorization of Non-Preferred Medication* (MEDCO-32) and fax it to the PBM for processing. The form can be found at:

<https://www.ohiobwc.com/downloads/blankpdf/MEDCO-32.pdf>

**2. Medications not typically used for industrial injuries or diseases**

Prior authorization (PA) is required for medications in drug classes that are not typically associated with the treatment of either industrial injuries or occupational diseases. The list of drugs/drug classes that require prior authorization can be found at:

<http://www.ohiobwc.com/downloads/blankpdf/prefdrug0108.pdf>

The prescribing physician is required to complete the *Request for Prior Authorization of Medication Form* (MEDCO-31) and to document the relationship between the prescribed drug and the allowed condition(s) in an injured worker’s claim. The form can be found at: <http://www.ohiobwc.com/downloads/blankpdf/MEDCO-31.pdf>

### **C. GENERIC and BRAND-NAME DRUGS**

If a drug is available generically, and has been assigned a maximum allowable cost, BWC will only reimburse for the drug at the assigned maximum allowable cost. If the injured worker or the prescriber requests the brand name form of the drug, then the injured worker will be responsible for the difference in cost between the amount allowed under BWC's fee schedule and the cost of the brand name drug requested.

If a prescriber prescribes a brand name drug, the following options are available.

- The prescriber when contacted by the pharmacist agrees that a generic drug may be dispensed
- The prescriber prescribes a different drug
- The brand name drug is dispensed and the injured worker pays the difference in price.

Even if the prescriber writes "dispense as written" or "DAW" on the prescription, the injured worker will be responsible for the cost difference between the generic and brand name medication.

### **D. Compounded medications**

Effective **July 10, 2005**, BWC no longer reimburses providers for compounded medications purchased at a pharmacy through the PBM. Compounded drugs previously reimbursed at point of service are products that have no proven efficacy or even safety, are not FDA-approved, and in accordance with Miller, the costs of such products are not "medically reasonable" in comparison to commercially-available, FDA-approved drugs that have the same intended use as that of the compounded product. MCOs who receive requests for authorization/approval for compounded medications should reject them as non-covered services unless they are for home infusion therapy drugs, compounded drugs used in iontophoresis, and drugs that are compounded for administration via an implanted pump.

BWC has instructed the PBM to reject requests for compounded medications and state: "Compounded drugs are not covered as outpatient drugs. Requests for drugs used in home infusion therapy, iontophoresis or implanted pumps should be submitted to the appropriate MCO." If the MCO believes there is medical necessity for a compounded medication that doesn't fall into these categories, please staff with BWC's Pharmacy Consultant via the following e-mail address: [pharmacist@bwc.state.oh.us](mailto:pharmacist@bwc.state.oh.us).

### **E. ELIGIBLE PROVIDERS**

Only those providers designated as “pharmacy providers” are eligible to receive reimbursement for medications dispensed to injured workers. A provider who meets all the following criteria can obtain a pharmacy provider designation and provider number:

- Has a valid “Terminal Distributor of Dangerous Drugs” license if located within Ohio; or an equivalent state license if located outside of Ohio;
- Has a valid Drug Enforcement Agency (DEA) registration
- Has a licensed registered pharmacist in full and actual charge of a pharmacy;
- Has the ability to submit required bill data at the time of service to BWC’s pharmacy benefit manager or bill processor using on line bill adjudication, at the point of service.
- Has a signed a provider agreement with the PBM to provide outpatient medication services to Ohio injured workers and be eligible for reimbursement

All state and federal laws relating to the practice of pharmacy and the dispensing of medication by a duly licensed pharmacist must be observed.

Non-pharmacy providers are not eligible for reimbursement for outpatient medications supplied to injured workers. Drugs supplied to an injured worker in a physician’s office are not considered outpatient medication and are not reimbursed by either the PBM or MCOs. Medications supplied to an injured worker during an outpatient hospital visit are billed using the appropriate revenue center codes on the approved hospital bill form.

#### **F. INJECTABLE MEDICATION**

Physicians permitted to administer injectable medications may seek reimbursement from the MCO responsible for the medical management of the claim for medications administered to an injured worker by the provider using HCPCS “J” codes.

#### **G. COVERED SERVICES**

FDA-approved legend and over-the-counter (OTC) drugs prescribed by a practitioner whose scope of practice includes prescriptive authority for the the treatment of an allowed compensable injury or disease are reimbursable by BWC. The bureau will reimburse medication prescribed for the treatment of an allowed compensable injury or occupational disease if the medicine prescribed is approved or widely accepted as a treatment for the allowed condition. The pharmacist or prescriber may verify the allowed conditions in a claim by logging on to [www.ohiobwc.com](http://www.ohiobwc.com) or by calling 1-800-OHIOBWC (1-800-644-6292).

#### **H. NON-COVERED SERVICES**

BWC will not approve payment for:

- Treatment for conditions/diseases unrelated to the allowed conditions of the claim;
- Samples or other medications dispensed by the treating physician;
- Experimental or investigative drugs;
- Co-payments resulting from a claimant submitting bills for medication to a group health insurance or other third-party payer;
- Medications that are not approved for use in the United States.

- Injectable drugs which are not intended to be “self-administered” or for at-home use by the injured worker or which are to be administered by the physician or in a physician’s office.
- Drugs administered via iontophoresis. The drugs are delivered/administered to the patient in a provider’s office/facility and, as a result, are not outpatient drugs. The provider of the iontophoresis treatment may pay the pharmacy provider directly for the cost for the drug being administered and bundle the cost of the drug with the charge for the procedure. Or, the pharmacy provider may bill the drug using code J3490-unclassified drugs in addition to the provider billing for the iontophoresis procedure. Either way, the MCO responsible for the claim will determine reimbursement eligibility based on its policy.
- Herbal products/ nutritional supplements;
- New or existing drug products that have been designated for review or not approved by the BWC Pharmacy and Therapeutics Subcommittee.
- FDA approved prescription smoking deterrent drugs- BWC does not reimburse FDA approved prescription smoking deterrent drugs dispensed by a pharmacy provider. BWC and the MCO may consider reimbursement of these drugs only when used as part of an approved smoking cessation program.
- Weight Control Drugs - BWC does not reimburse for weight control/loss drugs dispensed by a pharmacy provider. BWC and the MCO may consider reimbursement of weight control/loss drugs only when used as part of an approved/accredited weight control program.
- Synvisc®/ Hyalgan®/ Supartz® - The PBM will not reimburse for the items Synvisc® (hylan G-F 20) or Hyalgan®/ Supartz® (sodium hyaluronate) if dispensed from an outpatient pharmacy. BWC follows the guideline that injectable drugs or products administered by a physician or in a medical facility must be obtained by the provider administering the injection and billed to the MCO responsible for the management of the injured worker’s claim. In the case of these items, authorization for treatment with these items should be obtained by the treating physician/POR from the MCO in accordance with the policy established by the MCO. Reimbursement would then be made to the treating physician/POR by the MCO.

Code	Description
J7315	Sodium hyaluronate, per 20 to 25 mg dose for intra-articular injection
J7320	Hylan G-F 20, 16 mg, for intra-articular injection

## **I. REIMBURSEMENT RATES**

### **1. Single Source/Brand Drug**

The lesser of Blue Book Average Wholesale Price (AWP) - 9% + \$3.50 dispensing fee or the provider’s Usual and Customary charge.

### **2. Multi-Source/Generic Drug**

The lesser of Centers for Medicare & Medicaid Services (CMS) Federal Upper Limit (CMS FUL), the PBM’s proprietary Maximum Allowable Cost (MAC), Blue Book Average Wholesale Price (AWP) - 9%, + \$3.50 dispensing fee, or the provider’s Usual and Customary charge.

Accepting Assignment: If the pharmacist “accepts assignment” as described above in section A. 1. b., the dispensing fee will be \$6.00.

**IMPORTANT:** BWC does not distinguish between legend and over-the counter medications when determining reimbursement. OTC drugs must be prescribed by a physician licensed to prescribe medications in order for the drug to be considered for reimbursement.

The state fund and self-insuring employers’ pharmacy rules both state that the product cost component of payment for prescription drugs shall be AWP plus or minus a percentage. As such, the SI reimbursement rate is consistent with the state fund rate, that is, AWP -9%, plus a dispensing fee of \$3.50.

Self-insuring employers or their contracted PBM vendor may negotiate a lower or higher rate with pharmacy providers, however, pharmacy providers that do not enter into such agreements are entitled to payment at BWC's fee schedule amount and in no cases can the injured worker be balance billed by the provider. The SI employer cannot unilaterally impose a lower fee schedule than the amount allowed under BWC's fee schedule so when an injured worker uses a pharmacy that has not agreed to accept a lower amount, the PBM cannot refuse to accept the bills from the pharmacy or pay them at their network rate.

Relatedness editing and increasing the dispensing fee for initial prescriptions in new claims does not apply to Self-Insuring Employers.

## **J. SUPPLY AND QUANTITY LIMITS**

BWC established maximum days supply and maximum quantity limits for both standard and catastrophic/chronic claim types. A standard claim can only receive the greater of a 34-day supply or 120 units per dispensing. Catastrophic claims may receive up to a 90-day supply with no quantity limitations. BWC has established a \$1000.00 maximum per prescription. If a prescribed medication is within the quantity limitations but exceeds the \$1000 maximum, the pharmacist must call the PBM to request an override of this limitation.

### **1. Erectile Dysfunction/Impotency Drugs**

BWC reimburses for drugs that are FDA approved for the treatment of erectile dysfunction in cases where the condition of impotency (ICD 302.72 or 607.84) is recognized as an allowed in the claim. Reimbursement is limited to six (6) dosage units per thirty (30)-day period of one drug only. The physician may obtain the form to request prior authorization of an impotence drug by calling 1-888-OHIOBWC and follow the prompts. ICD-9 codes 302.72 and/or 607.84 **MUST** be allowed in the claim before authorization of impotence drugs is considered.

## **K. CONTACTS**

- **PBM:** BWC’s PBM is prepared to answer inquiries regarding the Outpatient Medication Prior Authorization Programs. To contact them, call **1-800-OHIOBWC**, and follow the prompts.

- **BWC Pharmacy Consultant:** Providers may send questions or comments about outpatient drug benefits, the Outpatient Medication Prior Authorization program or other related matters to BWC's Pharmacy Consultant at [pharmacist@bwc.state.oh.us](mailto:pharmacist@bwc.state.oh.us) or by mail to: Pharmacy Consultant, Ohio Bureau of Workers' Compensation, Injury Management Division, 30 W. Spring St. , L-23, Columbus, OH 43215-2256.
- **MCOs:** Since BWC's PBM does not reimburse for durable medical equipment or medical supplies purchased at a pharmacy, the injured worker's MCO may need to be contacted regarding these services. To contact the correct MCO using the injured worker's claim number, contact a BWC Call Center Agent at 1-800-OHIOBWC or log on to [ohiobwc.com](http://ohiobwc.com), select Medical Providers, then Services.

## L. FORMS

### 1. Request for Prior Authorization of Medication (MEDCO-31)

This form is used by the prescribing physician to request prior authorization for medications not typically used for industrial injuries or occupational disease. Fax completed MEDCO-31 forms to the PBM's Prior Authorization fax number, which is located at the bottom of the form for processing.

### 2. Request for Prior Authorization of Non-Preferred Medication (MEDCO-32)

This form is used by the prescribing physician to request prior authorization for medications on BWC's non-preferred drug list. Some medications in the following categories require prior authorization: non-steroidal anti-inflammatory drugs (NSAIDs), Cox-2 inhibitors, skeletal muscle relaxants and opioid analgesics. Fax completed MEDCO-32 forms to the PBM's Prior Authorization fax number, which is located at the bottom of the form, for processing.

### 3. Outpatient Medication Invoice (C-17)

Injured workers should use the C-17 form to get reimbursed for prescribed outpatient medication only. Injured workers can obtain all the information needed to complete the C-17 form at their pharmacy. Completed C-17 forms are submitted to the PBM with the medication receipts and the pharmacist's signature. For billing instructions on the (C-17), refer to Billing Instructions, Chapter 4. The invoice must then be mailed to the address on the "Instructions" page of the current form.

*Note:* Injured workers whose employers are self-insuring should contact their employers for instructions on billing for outpatient medications. BWC's PBM is not responsible for processing bills in self-insuring claims.

### 4. Service Invoice (C-19) or CMS 1500:

MCOs determine reimbursement eligibility for **durable medical equipment, disposable medical supplies, and home infusion therapy provided by a pharmacy**