MEDICAID SERVICES MANUAL
TRANSMITTAL LETTER

October 27, 2020

TO: CUSTODIANS OF MEDICAID SERVICES MANUAL

FROM: CODY L. PHINNEY, DEPUTY ADMINISTRATOR

SUBJECT: MEDICAID SERVICES MANUAL CHANGES
CHAPTER 1200 – PRESCRIBED DRUGS

BACKGROUND AND EXPLANATION

The Division of Health Care Financing and Policy (DHCFP) is proposing revisions to Medicaid Services Manual (MSM), Chapter 1200 – Prescribed Drugs, Section 1203.1A, Lock-In Program, to align with the Code of Federal Regulations, 42 CFR § 431.54(e). Revisions to the existing policy include the addition of new policy language concerning the specific period a Medicaid recipient may be placed in Lock-In Program and new clarifying policy language regarding Lock-In Program process.

Throughout the chapter, grammar, punctuation and capitalization changes were made, duplications removed, acronyms used and standardized, and language reworded for clarity. Renumbering and re-arranging of sections was necessary.

Entities Financially Affected: No entities are anticipated to be financially affected.


These changes are effective: August 31, 2020.

<table>
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<tr>
<th>MATERIAL TRANSMITTED</th>
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<tbody>
<tr>
<td>MTL OL</td>
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<td>MSM Ch 1200 – Prescribed Drugs</td>
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<th>Manual Section</th>
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<tr>
<td>1203.1A(2)(e)</td>
<td>PROVIDER RESPONSIBILITY</td>
<td>Revised section title to “Pharmacy Lock-In Program.”</td>
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<td>Added a new purpose statement for the pharmacy lock-in program. Removed reference to provider restrictions since lock-in Program is specific to a pharmacy.</td>
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<tr>
<td>1203.1A(2)(e)(1)</td>
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<td>Removed language explaining the lock-in criteria for reorganization.</td>
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<tr>
<td>1203.1A(2)(e)(1)(a)</td>
<td></td>
<td>Added new language to explain the review process and lock-in criteria for the Lock-In Program.</td>
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<tr>
<td>1203.1A(2)(e)(1)(b)-(d)</td>
<td></td>
<td>Added new language explaining the notice of decision process. Added new policy language concerning the assignment of a pharmacy for a recipient placed in the Lock-In Program.</td>
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<tr>
<td>1203.1A(2)(e)(1)(a)(2)</td>
<td></td>
<td>Revised section title to “Duration of Lock-In Status.”</td>
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<td>Added new policy language concerning the duration of lock-in status. Added new policy language concerning re-evaluations. Added new language concerning notice of decision for recipients in the Lock-In Program. Relocated section referencing POC system process to under the new Pharmacy Lock-In Program title.</td>
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<tr>
<td>1203.1A(2)(e)(1)(a)(3)</td>
<td></td>
<td>Revised Section title to “Pharmacy Lock-In Exemption.” Revised statement as to when a pharmacy may request lock-in override.</td>
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</table>
2. Must be enrolled with Nevada Medicaid provider enrollment as a Provider Type (PT) 28; and

3. Dispensing practitioners’ offices must be located in the State of Nevada; and

4. All prior authorization criteria and quantity limitations apply to dispensing practitioner claims; and

5. Only PT 28 can be reimbursed for a dispensing fee; and

6. All claims must be submitted in the National Council for Prescription Drug Programs (NCPDP) format through Medicaid’s Point of Sale (POS) system; and

7. All dispensing practitioners must be compliant with all applicable BOP statutes and regulations.

1203.1A PROVIDER RESPONSIBILITY

1. The pharmaceutical provider will maintain records for all prescriptions dispensed to eligible recipients as may be required.

   a. The provider will allow, upon request of proper representative, access to all records that pertain to Medicaid recipients for fiscal review, audit or utilization review.

   b. All fiscal records are to be maintained for a period of six years or as specified in federal regulation.

2. Utilization Control

   a. Prospective (Concurrent) Drug Utilization Review (Pro-DUR)

      Pro-DUR functions will be carried out via the POS Systems.

      1. Pro-DUR edits apply to POS claims.

      2. Long Term Care (LTC) claims are subject to all Pro-DUR edits that apply to retail.

      3. Providers may submit override codes using the (NCPDP) standard interactive DUR codes. Override codes may be submitted on the initial claim. A denied claim does not have to be on file.

      4. No long term override codes are issued, codes must be entered each time errors occur. Reference the Nevada Medicaid and NCU Pharmacy Manual for more information on the current Pro-DUR edits and override procedures.
5. All drugs are subject to quantity limitations. Refer to the Nevada Medicaid and NCU Pharmacy Manual for established quantity limits.

b. Retro Drug Utilization Review (DUR)

Both recipient and provider profiles (i.e. claim payments) are reviewed to identify patterns of excess. Verification of receipt of services is ongoing on a sample basis. Providers may be audited on site.

c. Drug Utilization Review (DUR)

Nevada Medicaid policy and federal law allows the state appointed DUR Board to conduct review of the information compiled about individual clients and providers and allows the DUR Board to educate Medicaid providers about the changes in drug therapeutics. Educational programs may include information such as drug interactions between medications that physicians have prescribed for the clients and medications they are prescribing that are unnecessarily expensive. In this case, educational efforts will be directed to help providers improve their efficiency in the allocation of the finite resources available for Medicaid clients.

d. Eligibility

Please refer to MSM Chapter 100 for information on Medicaid eligibility, eligibility verification and the Eligibility Verification System (EVS).

e. Pharmacy Lock-in Program

The Pharmacy Lock-In Program is intended to prevent recipients from obtaining excessive quantities of controlled substances through multiple visits to physicians, clinics, and pharmacies. When a recipient has shown patterns of abuse/misuse of Nevada Medicaid benefits, or the DHCFP has determined that the recipient requires close medical management, the recipient may be “locked-in” to a specific pharmacy and/or provider. This means that Medicaid will only pay for controlled substance prescriptions/medical services at a single pharmacy/provider.

1. Pharmacy Lock-In Criteria

Criteria that is evaluated by the DHCFP when determining if a recipient should be locked in to a specific pharmacy begins with the number of controlled substance prescriptions filled in 60 days.

a. The DHCFP conducts a comprehensive clinical review to determine whether a recipient should be “locked-in” to a single pharmacy using the following criteria:

1. The recipient has filled ten or more controlled substance prescriptions in the past 60-day period (includes controlled
substance pharmaceuticals given in the emergency room) then the clinical review continues with the following criteria:

2. One of the following:
   a. The recipient has utilized more than one pharmacy in the past 60-day period; or
   b. The recipient has utilized more than three physicians in the past 60-day period; or
   c. The recipient has utilized the emergency room(s) for receiving controlled substances; or
   d. The recipient has been diagnosed with a drug dependency related condition; or
   e. The dispensed quantity per prescription of controlled substances appears excessive by the clinical review team; or the recipient has other noted drug seeking behaviors.

b. Recipients who are locked-in to one pharmacy are issued a written Notice of Decision (NOD) 15 days prior to the implementation of the pharmacy restriction. The NOD includes the individual's right to request a fair hearing within 90 days if he/she disagrees with the findings and/or the DHCFP’s action.

c. The DHCFP assigns the pharmacy most frequently used by the recipient for access of controlled substance prescriptions. Recipients may change their locked-in pharmacy by contacting their Medicaid District Office.

d. Upon implementation of pharmacy lock-in, the POS system will not allow another pharmacy to bill for controlled substance prescriptions, and a message will be given at the time of service to notify the pharmacy that the recipient is locked-in. Any non-controlled substance prescriptions can be filled at any pharmacy.

2. Duration of Lock-In Status The POS system will not allow another pharmacy to bill for controlled substance prescriptions, and a message will be given at the time of service to notify the pharmacy that the recipient is locked-in.
locked-in. Any non-controlled substance prescriptions can be filled at any pharmacy.

a. Initially, a recipient remains in lock-in status for a period lasting 36 months. Utilizing the pharmacy lock-in criteria, the DHCFP conducts a clinical review not less than a month prior to the 36-month mark to determine whether the recipient will remain or may be removed from lock-in status.

1. A recipient may be placed on a second lock-in period lasting 108 months, if determined by the DHCFP that the recipient is continuing to obtain excessive and/or inappropriate controlled substance prescriptions or requires additional close medical management or monitoring. Recipients placed on a second lock-in period are re-evaluated at every 108-month period to determine whether lock-in status is still appropriate or may be removed from lock-in status.

2. A written NOD is issued by the DHCFP 15 days prior to the effective date of continuation or removal of the pharmacy restriction. The NOD includes the individual’s right to request a fair hearing within 90 days if he/she disagrees with the findings and/or the DHCFP action.

b. Recipients in lock-in status who are transitioning from a Nevada Medicaid contracted Managed Care Organization (MCO) will start a new initial 36-month lock-in period.

3. Pharmacy Lock-In ExemptionRecipients (who are locked-in to one pharmacy) or their provider/prescriber can change their locked-in pharmacy at any time by contacting their Medicaid District Office.

a. Some circumstances allow a recipient to receive medications from a pharmacy other than their assigned locked-in pharmacy. A pharmacy may call the Technical Call Center for to request an override to the locked-in pharmacy if:

1. The locked-in pharmacy is out of stock.
2. The locked-in pharmacy is closed.
3. The recipient is out of town and cannot access the locked-in pharmacy.