# OVERVIEW

The Pharmacy Program within the Louisiana Department of Health (LDH), Bureau of Health Services Financing (BHSF) is responsible for the development, implementation and administration of the Medicaid Pharmacy Program, and is charged with the responsibility of assuring quality pharmacy services while developing efficiencies in operation, service and cost.

Other responsibilities include the daily operations for outpatient pharmacy prescription services. Although total parenteral nutrition (TPN) is reimbursed through the Pharmacy Program, it is managed in collaboration with the Durable Medical Equipment (DME) Program through the prior authorization process.

This provider manual chapter specifies the Medicaid benefits in the Pharmacy Program and the policies related to those benefits. This chapter is intended to explain covered pharmacy services and limits, how to file claims, Medicaid reimbursement, and other relative Medicaid pharmacy program policies and procedures. For various reference contacts and tools, refer to Appendices 37.5.1 through 37.5.14.

All Food and Drug Administration (FDA) approved legend drugs that meet the Omnibus Budget Reconciliation Act (OBRA) '90 and OBRA '93 criteria are covered with a few exceptions. The Pharmacy Program determines the reimbursement methodology for both the drug ingredient cost and the professional dispensing fee for covered drugs.

The Pharmacy Program is responsible for the following components:

1.    Policy;

2.    Program development and implementation;

3.    Network development;

4.    Program coverage;

5.    Preferred drug list development and implementation and prior authorization for certain therapeutic classes;

6.    Federal upper limit (FUL) for multiple source drugs;

7.    Claims management;

8.    Annual provider recertification;

9.      Clinical interventions;

10.     Prospective and retrospective drug utilization review (DUR);

11.     Federal and state supplemental pharmaceutical manufacturer rebates;

12.     Pharmacy provider desk audits;

13.     Beneficiary Lock-In program;

14.     Provider help desk;

15.     Beneficiary help desk;

16.     Provider relations; and

17.     Provider education for prescribers and pharmacists.

The Pharmacy Program also:

1.      Initiates policy development;

2.      Implements new policies and clarifies existing pharmacy policies, which include the services associated with outpatient drugs and Medicare/Medicaid pharmacy claims crossovers;

3.      Approves all new drugs added to program coverage; and

4.      Establishes any limitations on reimbursement or coverage in accordance with the federally approved reimbursement methodology.

The Pharmacy Program directs an extensive network of pharmacy providers and is also responsible for the integrity of several subsystems, including the drug file component of reference subsystem, the DUR subsystem and the drug portion of the Surveillance Utilization Review Subsystem (SURS).

**Medicaid Enterprise System**

The Medicaid Enterprise System (MES) is a computerized claims processing and information system designed to manage the Medicaid program's expenditures through effective claims processing and utilization control.

LDH contracts with a fiscal intermediary who operates the federally approved MES, which is consistent with the Centers for Medicare and Medicaid Services (CMS) and LDH requirements.

The fiscal intermediary (FI) is contracted to provide the following pharmacy-related services:

1. Pharmacy claim processing through an on-line, real-time point of sale (POS) system;

2. Coordination of the federally mandated Omnibus Budget Reconciliation Act of 1990 Drug Utilization Review (DUR) Board activities;

3. Retrospective Drug Utilization Review (LaDUR);

4. Prospective Drug Utilization Review (UniDUR);

5. Educational articles - *Provider Update* newsletter article;

6. Lock-In Program;

7. DUR Board coordination;

8. Preferred Drug List and prior authorization system;

9. Monthly prescription limit system; and

10. Electronic Data Inquiry/Clinical Drug Inquiry System (e-CDI).