
CHAPTER 37: PHARMACY BENEFITS MANAGEMENT SERVICES

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37.1 GENERAL PROGRAM INFORMATION

Overview

Introduction	This Section presents an overview of the Louisiana Medicaid Program and its legal authority, organization and administration.
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Note: Additional General Information is provided in Chapter 1 of the Louisiana Medicaid Program Provider Manual.

In This Section	<p>This Section contains:</p> <ul style="list-style-type: none">BackgroundLegal AuthorityMedicaid ProgramLouisiana Medicaid Pharmacy Benefits Management SectionMedicaid Management Information Systems (MMIS)
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37.1.1 BACKGROUND

Medicaid is a joint federal and state governments funded program enacted by Title XIX of amendments to the Federal Social Security Act in 1965. The program was implemented in Louisiana in 1966.

The Centers for Medicare and Medicaid Services (CMS), formerly known as the Health Care Financing Administration (HCFA), set the guidelines for a state's participation in Medicaid and monitors the services covered by the program.

In Louisiana, the program is designed to provide certain healthcare benefits for those categorically needy and medically needy recipients who are in need of medical services.

Medicaid reimburses Louisiana Medicaid enrolled health professionals and other qualified providers from state and federal funds for medically necessary services and/or supplies performed and/or delivered to Medicaid recipients.

37.1.2 LEGAL AUTHORITY

The Medicaid program is authorized by Title XIX of the Federal Social Security Act and Title 42 of the Code of Federal Regulations. The Louisiana Medicaid program is authorized by La. R.S. 36:251 et seq.

37.1.3 MEDICAID PROGRAM

The Department of Health and Hospitals (the Department), Bureau of Health Services Financing (BHSF, the Bureau or Medicaid) is responsible for administering the program in compliance with state and federal laws, regulations and guidelines.

Responsibilities include the following functions:

- Administering the program including developing policies, regulations and procedures relative to the program;
- Determining the services covered by the program and setting the reimbursement methodologies and rates within state and federal regulations and guidelines;
- Determining service limits within state and federal regulations and guidelines;
- Determining categories of assistance to be covered within state and federal laws and regulations;
- Determining eligibility of applicants, maintaining the recipient eligibility file and issuing Medicaid cards to program eligibles;
- Enrolling providers who want to participate in the program; and

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- Operating the Medicaid Management Information System (MMIS) and processing claims from providers through a fiscal intermediary contract.

**37.1.4 LOUISIANA MEDICAID PHARMACY BENEFITS MANAGEMENT
SECTION**

The Louisiana Medicaid Pharmacy Benefits Management (LMPBM) Section within the Bureau is responsible for the development, implementation and administration of the Medicaid pharmacy program. The LMPBM is the first state-owned and administered Pharmacy Benefit Management (PBM) System in the nation. The LMPBM Section is charged with the responsibility of assuring quality pharmacy services while developing efficiencies in operation, service and cost.

The LMPBM Section is responsible for the daily operational activities for pharmacy prescription services, including total parenteral nutrition (TPN). Prescription services are one of the largest service and expenditure areas under the Medicaid program.

The pharmacy program covers all Food and Drug Administration (FDA) approved legend drugs that meet the OBRA '90 and OBRA '93 criteria with a few exceptions. The LMPBM Section determines the reimbursement methodology for both the drug ingredient cost and the maximum allowable overhead cost (dispensing fee) for covered drugs.

The LMPBM Section consists of the following components:

- Policy;
- Program development and implementation;
- Network development;
- Program coverage;
- Preferred drug list development and implementation and prior authorization for certain drug categories;
- Federal upper limit and state maximum allowable cost limits for multiple source drugs;
- Claims management,
- Clinical interventions, including pharmaceutical care management;
- Pre- and post-payment drug utilization review;
- Electronic Prescribing;
- Federal and state supplemental pharmaceutical manufacturer rebates;
- Pharmacy provider desk and field audits,
- Disease and outcomes management;
- Recipient lock-in program;
- Provider help desk;
- Recipient help desk;
- Provider relations; and
- Provider education for prescribers and pharmacists on peer-based prescribing and dispensing practices.

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Program staff in the Section administers contracts for functions essential to the administration of the LMPBM program.

The LMPBM Section initiates policy development, implements new policies and clarifies existing pharmacy policies, which include the services associated with outpatient drugs and Medicare/Medicaid pharmacy claim crossovers. The Section approves all new drugs

added to program coverage and establishes any limitations on reimbursement or coverage in accordance with the federally approved reimbursement methodology. The Section directs an extensive network of over 1200 pharmacy providers. This Section is also responsible for the integrity of several subsystems including the drug file component of reference subsystem, the Drug Utilization Review subsystem and the drug portion of the Surveillance and Utilization Review subsystem.

37.1.5 MEDICAID MANAGEMENT INFORMATION SYSTEM (MMIS)

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

The Department contracts with a fiscal intermediary who operates the federally approved MMIS consistent with CMS and Department requirements.

The fiscal intermediary is contracted to provide the following pharmacy related services:

- Pharmacy claim processing through an on-line real-time Point of Sale (POS) system;
- Coordination of the federally mandated Omnibus Budget Reconciliation Act of 1990 Drug Utilization Review (DUR) Board activities;
- Retrospective Drug Utilization Review (LADUR);
- Prospective Drug Utilization Review (UniDUR);
- Disease State Management Initiatives (DSM);
- Educational brochures - Disease state specific-(Prescriber & Pharmacy);
- Educational brochures - Disease state specific-(Recipient);
- Educational Articles - "Provider Update" newsletter;
- Lock-In Program;
- Drug Utilization Review Board (DURB) coordination;
- Surveillance Utilization Review (SUR) post payment services review;
- Louisiana Pharmacy Federal and State Supplemental Rebate Information Management System (LAPRIMS);
- Operation of the legislatively mandated Prescribing Practitioner and Pharmacy Peer-based Profiling Program;
- Preferred Drug List and Prior Authorization System;
- Monthly Prescription Limit System; and
- Electronic Data Inquiry/Clinical Drug Inquiry System (e-CDI).