

DECLARATION OF EMERGENCY

Department of Health and Hospitals Office of the Secretary Bureau of Health Services Financing

Pharmacy Program—Benefits Management System and Point of Sale/Prospective Drug Utilization Review

The Department of Health and Hospitals, Office of Secretary, Bureau of Health Services Financing has adopted the following emergency rule in the Medicaid Program as authorized by R.S. 46:153 and pursuant to Title XIX of the Social Security Act Section 1927(g) and (h) and as directed by the 1995-96 General Appropriation Act, which states: "The Secretary shall implement reductions in the Medicaid Program as necessary to control expenditures to the level approved in this schedule. The secretary is hereby directed to utilize various cost containment measures to accomplish these reductions, including but not limited to pre-certification, pre-admission screening, and utilization review, and other measures as allowed by federal law."

Section 1927(g) as added by Section 4401 of the Omnibus Budget Reconciliation Act of 1990 (OBRA 1990) provides that in order for states to receive federal financial participation for covered outpatient drugs, the state must have in operation a drug use review program. This Drug Utilization Review Program must consist of prospective drug review, retrospective drug use review, the application of explicit predetermined standards, and an educational program. The purpose of this program is to improve the quality of pharmaceutical care by ensuring that prescriptions are appropriate and medically necessary, and that they are not likely to result in adverse medical effects. This section of the act mandates detailed requirements for conducting drug use reviews and for the state drug utilization review boards.

The Department of Health and Hospitals, Board of Pharmacy adopted a rule on August 20, 1992 (*Louisiana Register*, Volume 19, Number 8) which incorporated these requirements under the Professional and Occupational Standards for pharmacists. Section 1927(h) also added by the Omnibus Budget Reconciliation Act of 1990 encourages states to establish a point-of-sale Electronic Claims Management (ECM) system for processing claims for covered outpatient drugs which is capable of performing on-line, real time eligibility verifications, claims data capture, adjudication of claims and assisting pharmacists and other authorized person in applying for and receiving payment. Regulations at Section 456.705(a) and (b)(1) require review of drug therapy based on predetermined standards at the point of sale before each prescription is filled or delivered to a recipient. The following emergency rule provides for the enhanced operation of the Drug Utilization Review Program and the Medicaid State Plan by including prospective drug review at the point of sale, an educational program, and implementation of the Point of Sale Electronic Claims Management. Adoption of this rule is necessary to assure compliance with Sections 1927(g) and (h) and the federal regulations contained at 42 CFR Part 456, Subpart K and thereby to avoid possible federal sanctions or penalties. It is also necessary to comply with the mandated legislative budgetary limitation for the Pharmacy Program for state fiscal year 1996 and thereby avoid a budget deficit in the medical assistance programs. It is anticipated that implementation of this emergency rule will contain the cost effectiveness in expenditures by approximately \$3,398,424 for state fiscal year 1996 and by approximately \$11,813,400 for state fiscal year 1997.

This emergency rule is in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., and shall be in effect for the maximum period allowed under the Administrative Procedure Act or until adoption of the final rule, whichever occurs first.

This emergency rule integrates and enhances current efforts to provide optimal pharmaceutical services and to maintain program integrity.

Integration of the Pharmacy Program's existing components, retrospective drug utilization review, formulary management, claims management, patient education program, pharmacy provider network and provider service with the Medicaid pharmacy benefits management's new components of enhanced pharmacy network, pharmacy provider help desk, point-of-sale electronic claims management network, point of service prospective drug utilization review system and patient, physician and pharmacist education system will enhance the existing features to allow for greater capability to determine if appropriate pharmaceuticals are being utilized for optimal disease and outcomes management of the patient. The Department of Health and Hospitals has initiated an interdisciplinary medicine and pharmacy team to assist in the development of various educational and intervention components. The conversion of the current Drug Utilization Review Program into an enhanced on-line electronic prospective one will reduce costly duplicate drug therapy, prevent potential drug to drug interactions, assure appropriate drug use, dosage and duration of therapy. In addition, the electronic system will provide drug information and education to providers. This electronic system will enable the Medicaid Program to monitor prescribing patterns and recipient drug utilizations patterns. Analyses of data derived from the point of sale/pro-DUR system will allow for timely interventions

for those providers and/or recipients. The point of sale technology will integrate provider networks which will allow for better management of disease state. An emergency rule was adopted on January 1, 1996 (*Louisiana Register*, Volume 21, Number 12) and the following emergency rule continues this initiative in force until adoption of the rule under the APA.

Emergency Rule

Effective April 30, 1996, the Department of Health and Hospitals, Office of the Secretary, Bureau of Health Services Financing shall implement the Louisiana Medicaid pharmacy benefits management system. The point of sale/prospective Drug Utilization Review system began full operations April 1, 1996. This system is administered with the Northeast Louisiana University, School of Pharmacy and the fiscal intermediary for the Bureau of Health Services Financing. The prospective DUR system will process information about the patient and the drug through eight therapeutic modules. The department reserves the right for ultimate decision making relative to certain therapeutic class information, contraindications or interactions. The point-of-sale prospective Drug Utilization Review will be administered in accordance with the standards of the National Council of Prescription Drug Plan.

I. Provider Participation

A. A point-of-sale enrollment amendment and certification is required prior to billing POS/Pro-DUR system as well as an annual recertification.

B. All Medicaid enrolled pharmacy providers will be required to participate in the Pharmacy Benefits Management System.

C. All Medicaid enrolled pharmacy providers whose claim volume exceeds 100 claims or \$4,000 per month and all providers enrolled on January 1, 1996 are required to participate in point of sale system. Long term care pharmacy provider claims may be processed through Electronic Media Claims (EMC).

D. Providers accessing the POS/Pro-DUR system will be responsible for the purchase of all hardware for connectivity to the switching companies and any fees associated with connectivity or transmission of information to the fiscal intermediary. The Bureau of Health Services Financing will not reimburse the provider for any on-going fees incurred by the provider to access the POS/Pro-DUR system.

E. Providers are required to verify eligibility with the monthly eligibility card and a copy of the card should be retained for processing the claim.

F. Pharmacy providers and physicians may obtain assistance with clinical questions from the Northeast Louisiana University, School of Pharmacy.

G. Physicians and pharmacy providers will be required to participate in the educational and intervention features of the Pharmacy Benefits Management System.

II. Recipient Participation

Pharmacy patients are encouraged to take an active role in the treatment or management of their health conditions through participation in patient counseling efforts with their physicians and pharmacists.

Interested persons may submit written comments to: Thomas D. Collins, Office of the Secretary, Bureau of Health Services Financing, Box 91030, Baton Rouge, LA 70821. He is the person responsible for responding to inquiries regarding this emergency rule. A copy of this rule is available at parish Medicaid offices for review by interested parties.

Bobby P. Jindal
Secretary