



2019 July 09

RE: Policy Update – Pharmacy Dispensing of Covered Outpatient Drug Physician/Clinic Administered Medications

Dear Pharmacy and Health Professional Group Providers,

Effective immediately, but no later than September 1, 2019, **Alaska Medicaid Enrolled Pharmacies** that dispense medications directly to clinics/physician offices for administration to the patient by a health care professional/physician **must**

- populate **NCPDP field 307-C7 CMS Place of Service** with a value of **“11” – Clinic** on the submitted claim and
- populate **NCPDP field 424-DO Diagnosis Code** with a valid ICD-10 diagnosis code [NCPDP field 492-WE = “02”].

Exceptions: These requirements do **not** apply to medications dispensed directly to the patient for self-administration. Clinics/physician offices do not include institutional facilities as defined in [12 AAC 52.995](#).

Failure to submit the appropriate information on the pharmacy point-of-sale claim may subject the claim to recoupment by the Department under authority of [7 AAC 105.260\(a\)\(8\)](#).

Pharmacies must maintain, among all required billing elements [including [7 AAC 105.230](#)], record of the date the medication was dispensed to the clinic and the delivery method (e.g., mail, pick-up, delivery). Medications dispensed to a clinic may be administered only to the patient for whom the claim was billed. If the medication was not administered to the patient for whom the claim was billed, the pharmacy must credit the claim back to the State of Alaska by reversing the claim as required under [7 AAC 120.110\(e\)](#) and [7 AAC 105.260\(a\)\(14\)](#).

Post-payment reviews will be performed periodically under authority of [7 AAC 105.240](#). Failure of the pharmacy to provide records that validate that the medication has been administered to the patient during the post-payment review or other audit processes will subject the claim to recoupment. Pharmacies dispensing medications to clinics are encouraged to develop or strengthen internal processes and communications with clinics to minimize liability.

Clinics/physicians' offices who choose to procure patient specific medications through a pharmacy rather than utilizing a “buy-and-bill” reimbursement process (i.e., billing with HCPCS code) may be subject to sanctioning if insufficient controls result in the receipt of medications from a pharmacy without documentation of administration of the medication to the patient. Additionally, clinics/physicians' offices may not separately bill for medications procured from pharmacies when the pharmacy has been directly reimbursed for the medication. Duplicate claims shall be subject to recoupment under [7 AAC 105.260](#).

Reimbursement of [Covered Outpatient Drugs](#) is dependent upon which provider dispenses the medication. Refer to [7 AAC 145.400 – 145.410](#) for reimbursement methodology. Billing manuals may be accessed at [medicaidalaska.com](#).

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