



## Iowa Medicaid Program

### Preferred Drug List (PDL) Information

#### A. CMS Drug Rebate Issue

- CMS Release 135 requested several hundred NDCs be deleted from state drug rebate files because they were not properly listed with the FDA. The FDA considers drug listing to be part of the approval process and a drug cannot be legally marketed in the U.S. and therefore covered by Medicaid until it has been properly listed. CMS has reversed this decision on some of the NDCs, and programming is in process. *This issue is not related to the Preferred Drug List.* If you receive a denial stating AC-PRODUCT NOT COV-NON-PART MANUFACTR, please call ACS State Healthcare Provider Relations at **1-800-338-7909** for further explanation and a possible override.

#### B. Update on Preferred Brands

- While setting up the Preferred Drug List, DHS encountered many situations in which the net cost of the branded version of a drug, after rebate, was less expensive than the generic version of that product. Therefore, there are a number of situations in which the brand is preferred over the generic. We understand that this situation is counter-intuitive to the retail pharmacy world, none-the-less, it is a reality. Whenever the State can lower the cost of the generic product to at least equal to the cost of the branded product, the State will allow payment of both the brand version or the generic version. This situation has already occurred, therefore effective immediately, the following products will also become preferred products:
  - a. Bupropion 75mg, 100mg
  - b. Chlorazepate 3.75mg
  - c. Fluconazole 100mg, 150mg, 200mg
  - d. Fluoxetine 20mg/5cc
  - e. Mirtazapine 15mg, 30mg, 45mg
  - f. Potassium Cl SA 10mEq, 20mEq (K-Dur generics)
  - g. Ursodiol 300mg
- By allowing payment of both products, the stores will be allowed to utilize inventory they may have ordered particularly for this program. If the cost of the brand increases such that it costs more than the generic, the brand will become non-preferred and the stores will be notified and be given ample time to utilize any inventory on hand.

#### C. Billing of Preferred Brand Name Drugs

- When a “Brand” drug is preferred over the generic, a prior authorization is not needed. The claim will process because the brand drug is a preferred product. A list of the brands preferred over generics can be found at [www.iowamedicaidpdl.com](http://www.iowamedicaidpdl.com).

#### D. Location of Prior Authorization (PA) Forms

- The prior authorization fax forms can be downloaded from the PDL website at [www.iowamedicaidpdl.com](http://www.iowamedicaidpdl.com)

#### E. DAW=1

- The State no longer requires the pharmacy to place a DAW=1 in Field number 408-D8 as indicated on NCPDP Version 5 Payer Sheet when the prescriber requests “brand necessary”.
- The DAW=1 was previously used as a MAC override when the prescriber requested in his/her own handwriting that the brand drug was medically necessary.
- The Department of Human Services will no longer audit use of the DAW=1 system override, which may still be required by some pharmacies to process brand drugs, because this logic is no longer utilized by the DHS with the PDL programming. The PA obtained by the prescriber for nonpreferred brand name drugs will serve as the certification that the brand is medically necessary in the prescriber’s judgment.
- Brand drugs that do not require PA or have obtained PA will be reimbursed at the lower of the Estimated Acquisition Costs (EAC: AWP-12%) or submitted charges.

#### F. 30-DAY SUPPLY PROVISION FOR NON-PREFERRED DRUGS

- This is just a reminder that pharmacies may use the **PA Type Code 8** as a POS override for a non-preferred agent for the first 30days of therapy. The dispensing pharmacist should inform the member and prescriber that the non-preferred agent will need to be changed to a preferred agent or the prescriber will need to obtain a prior authorization before the next fill.