



STATE OF IOWA

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DEPARTMENT OF HUMAN SERVICES
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INFORMATIONAL LETTER NO. 473

TO: Iowa Medicaid Participating Providers
FROM: Iowa Department of Human Services
DATE: September 26, 2005
SUBJECT: Iowa Medicaid Update On Non-Covered Category Of Drugs

The purpose of this Informational Letter is to notify you effective with date of service of **November 1, 2005**, medications treating sexual dysfunction (male or female) will no longer be reimbursed by Iowa Medicaid. Claims for these medications will deny with NCPDP rejection code 70-Drug Not Covered by Iowa Medicaid.

In May of 1998, the National Governor's Association (NGA) wrote to Donna Shalala, Secretary of the United States Department of Health and Human Services, opposing the imposition of any requirement that States cover the new drug Viagra under the Medicaid program. In response, the Health Care Financing Administration (HCFA) (now the Centers for Medicare & Medicaid Services or CMS) wrote to the NGA in July of 1998 as follows:

The issue of whether State Medicaid programs must cover Viagra is governed by the Omnibus Budget Reconciliation Act of 1990 This law requires, with a few limited statutory exceptions, that a State that chooses to include outpatient drugs within its Medicaid program must cover, for their medically accepted indications, all FDA-approved prescription drugs of manufacturers that have entered into drug rebate agreements. . . .

The FDA has approved Viagra only to treat erectile dysfunction in men. Viagra does not fall within any of the allowable exclusions or restrictions Therefore, the law requires that a State's Medicaid program cover Viagra when medical necessity dictates such coverage for the drug's medically accepted indication.

HCFA's letter to the NGA went on to suggest methods "to prevent abuse and misuse of Viagra," including prior authorization requirements and quantity limits, but did not suggest that States could make a determination that Viagra was never medically necessary. HCFA concluded that "[t]he challenge to both States and the Federal government is to provide access to new drugs for the Medicaid population while performing the necessary oversight." A letter to the same effect was sent to State Medicaid Directors on November 30, 1998.

The Department of Human Services understood from the letters to the NGA and to the State Medicaid Directors to mean that state Medicaid programs were required to cover Viagra and similar drugs for treatment of sexual dysfunction. Therefore, the Department's policy has been to cover such drugs for sexual dysfunction, subject to a prior authorization requirement.

More recently, CMS has indicated that states have greater discretion with regard to coverage of drugs for the treatment of sexual dysfunction. In connection with the recent public outcry regarding sexual offenders receiving impotence drugs under the Medicaid program, CMS noted that states are required to have a drug use review program to assure that all prescriptions are medically necessary. See 42 U.S.C. § 1396r-8(g)(1)(A). CMS encouraged states to use their drug use review programs to address drugs for sexual dysfunction.

Based on the new advice from CMS and on state administrative rules providing that any service covered by the Iowa Medicaid program must be “required to meet the medical need of the patient” (441 Iowa Admin. Code 79.9(2)(c)), the Department of Human Services consulted with its Drug Utilization Review (DUR) Commission regarding the medical necessity of drugs for the treatment of sexual dysfunction. The Department of Human Services relies on the DUR Commission, made up of practicing physicians and pharmacists, to provide recommendations on medical necessity issues for drugs. On August 8, 2005, the DUR Commission recommended to the Department of Human Services that “medications for the treatment of sexual dysfunction (male or female) be considered not medically necessary.” The Department is adopting the DUR Commission’s recommendation that such drugs be considered to be not medically necessary. Therefore, drugs for treatment of sexual dysfunction (male or female) will no longer be reimbursed by the Iowa Medicaid program effective November 1, 2005.

You may wish to refer individuals who lack prescription drug coverage for the sexual dysfunction drugs to patient assistance programs including Together Rx Access Discount Care, Connection To Care, and Pfizer Friends Discount Card.

If you have any questions about this Informational Letter, please call the Pharmacy Prior Authorization Help Desk toll free at 877-776-1567 or locally at 515-725-1106.