



Outpatient Drugs Payment Policy

Policy

Fallon Community Health Plan (FCHP) reimburses contracted providers for the provision of covered FDA-approved non-self administered drugs when given in an outpatient setting. This policy also applies to drugs administered by a provider via an implantable drug delivery system and to brachytherapy sources.

FCHP does not reimburse for drugs that are not administered to FCHP members including, but not limited to, those that are determined to be contaminated, wasted or unused.

Benefits application

- FCHP Direct Care/FCHP Select Care
- Commonwealth Care
- Companion Care
- FCHP MassHealth
- Fallon Preferred Care PPO
- Fallon Senior Plan HMO
- Fallon Senior Plan PPO
- Summit ElderCare®
- NaviCare®

Reimbursement

FCHP reimburses the provision of covered FDA-approved non-self administered drugs when given in an outpatient setting. FCHP's reimbursement is for pharmaceuticals which are administered to an FCHP member, only up to the next incremental Level II HCPCS code unit.

FCHP does not reimburse for drugs that are not administered to FCHP members including, but not limited to, those that are determined to be contaminated, wasted or unused.

Reimbursement will be made in accordance with contracted rates.

Referral/notification/prior authorization requirements

The facility or ordering physician is required to obtain prior authorization for:

- drugs on the list of formulary medications that require prior authorization. This list can be found in the Provider Pharmacy section of the FCHP Web site and
- drugs with HCPCS codes found on the List of Procedures Requiring Prior authorization located in the Managing Patient Care section of the Provider Manual under PCP Referral and Plan Prior Authorization Process.

Pharmacy Prior Authorization Forms must be completed and faxed to 1-508-791-5101. For urgent situations, please call 1-866-275-3247 and select option 5.

Billing/coding guidelines

Bill pharmaceuticals with both the NDC number and the appropriate Level II HCPCS codes; bill with a count when indicated.

Pharmaceutical waste

- Bill only for the portion of the medication administered to the member; wasted pharmaceutical will not be reimbursed.
- Use modifier -JW – drug amount discarded/not administered to any patient to identify drugs where the dosage listed is greater than ordered and/or administered. The modifier is for single-use vial drugs only.
- Bill the HCPCS J code and the amount dispensed on one claim line with the total billed amount; then, report the amount discarded on a second claim line with a \$0.00 billed amount.

Claims submitted with Revenue Code 0636 must include the HCPCS code and an itemized invoice.

FCHP reserves the right to audit to verify payment accuracy. Neither FCHP nor FCHP members can be held financially responsible for any denied payments for pharmaceuticals that were not administered.

Electronic claim submitters

Submit both the HCPCS J code and NDC number in the HIPAA-compliant format.

Paper claim submitters

- CMS-1500 form
Bill both the HCPCS J code and NDC number in field 24D; place the NDC number under the Level II HCPCS code; bill units in field 24G.
- UB-04 form
Bill the Level II HCPCS code in field locator 44; the NDC number in field locator 43; service units in field locator 46.

Place of service

This policy applies to services rendered in the outpatient setting.

Policy history

Origination date:	11/1/09
Previous revision date(s):	07/01/2010 – updated language in the Policy, Reimbursement and Billing/coding guidelines sections to indicate policy and process regarding pharmaceutical waste.
Connection date & details:	November 2011 - Updated billing/coding guidelines to add discussion about revenue code 0636.

This payment policy has been developed to provide information regarding general billing, coding and documentation guidelines for FCHP. Even though this payment policy may indicate that a particular service or supply is considered covered, specific provider contract terms and/or member individual benefit plans may apply and this policy is not a guarantee of payment. FCHP reserves the right to apply this payment policy to all FCHP companies and subsidiaries. FCHP routinely verifies that charges billed are in accordance with the guidelines stated in this payment policy and are appropriately documented in the medical records. Payments are subject to post-payment audits and retraction of overpayments.