

**Bulletin Number:** MSA 18-02

**Distribution:** All Providers

**Issued:** January 30, 2018

**Subject:** Update to the Coverage of Physician-Administered Drugs and Biological Products

**Effective:** As Indicated

**Programs Affected:** Medicaid, Healthy Michigan Plan, MICHild, MOMS, Children's Special Health Care Services

This policy provides an update regarding the coverage of outpatient physician-administered drugs and biological products, and describes the reimbursement process for specific Medicaid program covered physician-administered drugs and biological products that are not covered by Michigan Medicaid Health Plans (MHPs). These policy provisions are effective for dates of service on or after July 1, 2017.

### **Coverage of Physician-Administered Drugs and Biological Products**

Medicaid covers injectable drugs and biological products administered by a physician in the office, clinic setting, or the beneficiary's home. The drug or biological product must be Food and Drug Administration (FDA) approved and be reasonable and necessary according to accepted standards of medical practice for the diagnosis or treatment of the illness or injury of the beneficiary. There must be sufficient clinical evidence demonstrating the effectiveness and safety of the drug or biological product. Additional coverage provisions are outlined in the Medicaid Provider Manual, which can be accessed on the Michigan Department of Health and Human Services (MDHHS) website at [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders) >> Policy, Letters & Forms.

### **Physician-Administered Drugs and Biological Products Not Covered by Medicaid Health Plans**

MDHHS will maintain a list of specific Medicaid program covered physician-administered drugs and biological products that are not covered by Michigan MHPs. This list of physician-administered drugs and biological products, carved out from MHP coverage, will be reimbursed as a Fee-for-Service (FFS) benefit for all beneficiaries in FFS and for those enrolled in an MHP.

A list of the specific drugs covered under this policy will be maintained on the MDHHS website at [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders) >> Billing & Reimbursement >> Provider-Specific Information >> Physicians/Practitioners/Medical Clinics. The list may be modified as new drugs are approved or added to the physician-administered carve-out. No notice of changes to the list will be issued directly to providers.

### **Prior Authorization Requirements**

Certain drugs on the carve-out list of physician-administered drugs and biological products not covered by MHPs may require prior authorization (PA). When indicated on the MDHHS-maintained list, PA requests will require a completed Practitioner Special Services Prior Approval – Request/Authorization form (MSA-6544-B), a Program Review Division (PRD) documentation checklist, and all supporting documentation. Providers are to contact PRD at 1-800-622-0276 to obtain the PRD documentation checklist for drugs and biological products that require PA. Once all required documentation is collated, information must be submitted according to MSA-6544-B completion and submission instructions.

### **Billing Considerations for Medicaid Health Plan Enrollees**

When multiple medical services are provided in conjunction with a carved-out physician administered drug, FFS claims will process for payment of the carved-out drug service line only; all other claim lines will be denied with Claim Adjustment Reason Code (CARC) 24 – Charges are covered under a capitation agreement/managed care plan. The associated services that are denied by FFS are to be billed to the beneficiary's health plan for payment. Outpatient hospitals and ambulatory surgical centers must submit claims for the carved-out drug to FFS Medicaid and include all services rendered on the claim, along with the PA number, to be eligible for payment under Outpatient Prospective Payment System (OPPS) methodology. Providers must also submit the appropriate National Drug Code (NDC) on the claim line for the carved-out drug to be reimbursed.

### **Physician-Administered Drugs and Biological Products Eligible for Coverage as Pharmacy Claims**

MDHHS allows a select list of physician-administered drugs to be covered through the pharmacy benefit. If the practitioner uses a pharmacy to acquire the drug for administration, the pharmacy must submit the claim as a pharmacy claim. Pharmacies and prescribing practitioners must ensure that claims are not duplicated. Pharmacies should dispense a single date of service injectable dose at a time to prevent unnecessary waste in cases where a beneficiary fails to tolerate the treatment.

Consult the Pharmacy Chapter of the Michigan Medicaid Provider Manual, Special Product Coverage Section, for requirements regarding dispensing, handling, and delivering injectable drugs.

A list of the physician-administered injectable drugs eligible for coverage as pharmacy claims is available at <https://Michigan.fhsc.com> >> Providers >> Drug Information >> Medicaid Health Plan Carveout.

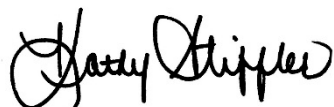
### **Manual Maintenance**

Retain this bulletin until the information is incorporated into the Michigan Medicaid Provider Manual.

### **Questions**

Any questions regarding this bulletin should be directed to Provider Inquiry, Department of Health and Human Services, P.O. Box 30731, Lansing, Michigan 48909-8231, or e-mailed to [ProviderSupport@michigan.gov](mailto:ProviderSupport@michigan.gov). When you submit an e-mail, be sure to include your name, affiliation, and phone number so you may be contacted if necessary. Providers may phone toll-free 1-800-292-2550.

Approved

A handwritten signature in black ink that reads "Kathy Stiffler". The signature is written in a cursive, flowing style.

Kathy Stiffler, Acting Director  
Medical Services Administration