



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
Med-QUEST Division
Clinical Standards Office
P. O. Box 700190
Kapolei, Hawaii 96709-0190

August 25, 2009

MEMORANDUM

ACS M09-21

TO: Medicaid Physicians, Dentists, Other Providers with Prescriptive Authority and Pharmacy Providers

FROM: Kenneth S. Fink, MD, MGA, MPH **KF**
Med-QUEST Division Administrator

SUBJECTS: FEE-FOR-SERVICE (FFS) PROGRAM ONLY

1. BASIC HEALTH HAWAII, QUEST-NET AND QUEST-ACE FORMULARY EFFECTIVE SEPTEMBER 1, 2009
2. FIRST DATABANK AWP CALCULATION CHANGE EFFECTIVE SEPTEMBER 26, 2009

1. Basic Health Hawaii, QUEST-Net and QUEST-ACE Formulary Effective September 1, 2009

The Department of Human Services (DHS) is implementing a new health insurance program starting September 1, 2009 called Basic Health Hawaii (BHH). This program will provide basic medical care for low-income non-pregnant legally residing adults who are not eligible for federal medical assistance programs.

About 7,000 non-immigrants, namely those from the Compact Free Association nations, will be transferred from the comprehensive QUEST and QUEST Expanded Access (QExA) health care plans into BHH, which will have a benefit package identical to what low-income adults receive through QUEST-ACE and QUEST-Net programs. In addition, immigrants who have been legally residing in the United States for less than five (5) years may also be eligible.

BHH, QUEST-Net and QUEST-ACE will all receive an expanded prescription drug benefit. Some of the savings from the implementation of BHH will be used to fund the expanded drug coverage for more than 8,000 non-pregnant adult clients in QUEST-ACE and QUEST-Net.

Effective September 1, 2009, QUEST-ACE, QUEST-Net and BHH clients may receive up to five (5) generic prescriptions/paid claims per calendar month PLUS contraceptives. A prescription for Regular and NPH insulin may substitute for a generic prescription. Each paid claim is counted as one of the five (5) generic prescriptions. Diabetic supplies (specifically lancets, syringes and test

strips) will also be covered and NOT counted as one of the five (5) generic prescriptions. Contraceptives will NOT count towards the limit of five (5) prescriptions (see Table 1). These are the only exceptions to the five (5) generic prescription limits.

Clients currently receiving medical assistance will be deemed eligible for BHH and will not have a break in coverage. However, during the period between when a newly eligible applicant applies and is enrolled in a BHH plan, Hawaii Medicaid FFS will reimburse services. FFS will be covering all generics available to Medicaid FFS recipients, and pharmacy claims are to be submitted to Affiliated Computer Services Pharmacy Benefit Manager (ACS PBM). Diabetic supplies are to be billed to ACS Fiscal Agent (FA).

The QUEST plans will provide ongoing care for BHH recipients and continue to provide services for QUEST-ACE and QUEST-Net. They will each establish their own drug formulary that will include at least one (1) generic per American Hospital Formulary Service (AHFS) therapeutic category. Prior authorization may be required for non-formulary generic products. For inquiries regarding the BHH, QUEST-Net and QUEST-ACE program pharmacy benefit, please contact the appropriate managed care health plans:

AlohaCare: 973-1650, for neighbor islands 1 (800) 434-1002
HMSA: 948-6486, for neighbor islands 1 (800) 440-0640
Kaiser: 432-5330, for neighbor islands 1 (800) 651-2237

2. First DataBank Average Wholesale Price Calculation Change Effective September 26, 2009

Effective September 26, 2009, First DataBank (FDB) will be changing the mark-up value used to calculate the Average Wholesale Price (AWP) for certain drugs in compliance with a lawsuit settlement. As a result, reimbursements to pharmacy providers are expected to be lower for a number of products. The calculation of the State Maximum Allowable Cost (SMAC) may also be impacted. Please see the excerpts below from a FDB notice issued March 31, 2009:

“According to the terms of the amended settlement as approved by the court, First DataBank will adjust its reporting of Blue Book AWP for those prescription drugs identified in the plaintiffs’ previously filed complaint (approximately 1,400 NDCs in number) by reducing the mark-up factor utilized in connection with the calculation of the Blue Book AWP data field to 1.20 times the WAC or Direct Price for those NDCs that are on a mark-up basis.”

“Independent of the settlement and on the same schedule as the Blue Book AWP adjustment noted above, First DataBank will apply the same 1.20 markup factor to all other NDCs whose Blue Book AWP is set based upon a markup to WAC or Direct Price in excess of 1.20. First DataBank will also independently discontinue publishing the Blue Book AWP data field for all drugs no later than two years following the date that the Blue Book AWP adjustments noted above are implemented.”

For Medicaid FFS Pharmacy policy questions, please contact Lynn Donovan, R.Ph., Pharmacy Consultant, at (808) 692-8116.

Attachment

Med-QUEST Fee-For-Service (FFS)

**FFS Window Coverage For Newly Eligible Recipients Waiting For
Basic Health Hawaii, QUEST-Net and QUEST-ACE**

New Formulary

Effective September 1, 2009

Table 1

Basic Health Hawaii, QUEST-Net and QUEST-ACE	Formulary Coverage Effective September 1, 2009	Up to FIVE (5) generic prescriptions / paid claims every calendar month
	Generic prescriptions are covered.*	These count toward the five (5) prescription limit.
	Regular and NPH Human Insulin are covered including combinations. Pens are not covered.	These count toward the five (5) prescription limit.
	Diabetic supplies (i.e., lancets, syringes and test strips) up to 100 units per calendar month are covered. Control solution is limited to one (1) bottle per month.	These do NOT count toward the five (5) prescription limit.
	Family planning drugs, supplies and devices are limited to generic contraceptive/birth control pills, contraceptive medroxyprogesterone acetate and diaphragms.	These do NOT count toward the five (5) prescription limit.

*Individual QUEST health plan may cover some brand medications to better manage health care.

Continue to bill drug claims to ACS PBM and supplies are to be billed to ACS FA.

Please notify the member prior to the health service being provided that it is not a covered benefit or that the coverage limit will be exceeded.