



Commonwealth of Massachusetts
Executive Office of Health and Human Services
Office of Medicaid
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MASSHEALTH
TRANSMITTAL LETTER OPD-55
May 2005

TO: Outpatient Hospitals Participating in MassHealth
FROM: Beth Waldman, Medicaid Director *BW*
RE: *Outpatient Hospital Manual* (Revision to Service Limitations)

This letter transmits revisions to the outpatient hospital regulations about topical acne products. The revision removes language about service limitations for topical acne products. Service limitations to this type of drug therapy will be in the MassHealth Drug List.

The revisions also clarify service limitations and exclusions. In addition, corrections has been made to the citations in 130 CMR 410.463(C)(1).

These regulations are effective May 15, 2005.

NEW MATERIAL

(The pages listed here contain new or revised language.)

Outpatient Hospital Manual

Pages 4-39 and 4-40

OBSOLETE MATERIAL

(The pages listed here are no longer in effect.)

Outpatient Hospital Manual

Pages 4-39 and 4-40 — transmitted by Transmittal Letter OPD-54

Commonwealth of Massachusetts Division of Medical Assistance Provider Manual Series OUTPATIENT HOSPITAL MANUAL	SUBCHAPTER NUMBER AND TITLE 4 PROGRAM REGULATIONS (130 CMR 410.000)	PAGE 4-39
	TRANSMITTAL LETTER OPD-55	DATE 05/15/05

(B) Drug Exclusions. The MassHealth agency does not pay for the following types of drugs or drug therapy:

- (1) Cosmetic. The MassHealth agency does not pay for legend or nonlegend preparations for cosmetic purposes or for hair growth.
- (2) Cough and Cold. The MassHealth agency does not pay for legend or nonlegend drugs used solely for the symptomatic relief of cough or colds, including but not limited to, those that contain an antitussive or expectorant as a major ingredient, unless dispensed to an institutionalized member.
- (3) Fertility. The MassHealth agency does not pay for any drug used to promote male or female fertility.
- (4) Obesity Management. The MassHealth agency does not pay for any drug used for the treatment of obesity.
- (5) Smoking Cessation. The MassHealth agency does not pay for any drug used for smoking cessation.
- (6) Less-Than-Effective Drugs. The MassHealth agency does not pay for drug products (including identical, similar, or related drug products) that the U.S. Food and Drug Administration has proposed, in a Notice of Opportunity for Hearing (NOOH), to withdraw from the market because they lack substantial evidence of effectiveness for all labeled indications.
- (7) Experimental and Investigational Drugs. The MassHealth agency does not pay for any drug that is experimental, medically unproven, or investigational in nature.

(C) Service Limitations.

- (1) MassHealth covers drugs that are not explicitly excluded under 130 CMR 410.463(B). The limitations and exclusions in 130 CMR 410.463(B)(1) through (5) do not apply to medically necessary drug therapy for MassHealth Standard enrollees under age 21. The MassHealth Drug List specifies the drugs that are payable under MassHealth. Any drug that does not appear on the MassHealth Drug List requires prior authorization, as set forth in 130 CMR 410.000. The MassHealth Drug List can be viewed online at www.mass.gov/druglist, and copies may be obtained upon request. The MassHealth agency will evaluate the prior-authorization status of drugs on an ongoing basis, and update the MassHealth Drug List accordingly. See 130 CMR 450.303.
- (2) The MassHealth agency does not pay for the following types of drugs or drug therapy without prior authorization:
 - (a) immunizing biologicals and tubercular (TB) drugs that are available free of charge through local boards of public health or through the Massachusetts Department of Public Health (DPH);
 - (b) nongeneric multiple-source drugs;
 - (c) drugs used for the treatment of male or female sexual dysfunction; and
 - (d) drugs related to sex-reassignment surgery, specifically including but not limited to, presurgery and postsurgery hormone therapy. The MassHealth agency, however, will continue to pay for post sex-reassignment surgery hormone therapy for which it had been paying immediately prior to May 15, 1993.
- (3) The MassHealth agency does not pay any additional fees for dispensing drugs in a unit-dose distribution system.

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	TRANSMITTAL LETTER OPD-55	DATE 05/15/05

(4) The MassHealth agency does not pay for any drug prescribed for other than the FDA-approved indications as listed in the package insert, except as the MassHealth agency determines to be consistent with current medical evidence.

(5) The MassHealth agency does not pay for drugs that are provided as a component of a more comprehensive service for which a single rate of pay is established in accordance with 130 CMR 450.307.

(D) Insurance Coverage.

(1) Managed Care Organizations. The MassHealth agency does not pay pharmacy claims for services to MassHealth members enrolled in a MassHealth managed care organization (MCO) that provides pharmacy coverage through a pharmacy network or otherwise, except for family planning pharmacy services provided by a non-network provider to a MassHealth Standard MCO enrollee (where such provider otherwise meets all prerequisites for payment for such services). A pharmacy that does not participate in the MassHealth member's MCO must instruct the MassHealth member to take his or her prescription to a pharmacy that does participate in such MCO. To determine whether the MassHealth member belongs to an MCO, pharmacies must verify member eligibility and scope of services through POPS before providing service in accordance with 130 CMR 450.107 and 450.117.

(2) Other Health Insurance. When the member's primary carrier has a preferred drug list, the prescriber must follow the rules of the primary carrier first. The provider may bill the MassHealth agency for the primary insurer's member copayment for the primary carrier's preferred drug without regard to whether the MassHealth agency generally requires prior authorization, except in cases where the drug is subject to a pharmacy service limitation pursuant to 130 CMR 410.463(C)(2)(a), (c), and (d). In such cases, the prescriber must obtain prior authorization from the MassHealth agency in order for the pharmacy to bill the MassHealth agency for the primary insurer's member copayment. For additional information about third party liability, see 130 CMR 450.101 et seq. and the MassHealth Acute Hospital Request for Applications and Contract.