

**DEPARTMENT OF HEALTH AND SOCIAL SERVICES  
DIVISION OF SOCIAL SERVICES**

**GENERAL NOTICE**

**DSS NOTICE OF INTENT #05-18**

**Pharmaceutical Services:  
Prior Authorization, Preferred Drug List and Supplemental Drug Rebates**

The purpose of this action is to implement a preferred drug list and prior authorization for pharmacy services. The agency's intent is to submit an amendment to the Title XIX Medicaid State Plan to the Centers for Medicare and Medicaid Services (CMS) to implement:

- a prior authorization process with a preferred drug list (PDL) for certain designated drugs in selected therapeutic classes covered under the prescription drug program;
- revisions to prescription quantity and duration provisions; and,
- supplemental drug rebates.

**Statutory Basis:**

- Social Security Act, Title 19, Section §1927
- 42 United States Code s1396r-8

**Amending the Following State Plan Pages:**

Attachment 3.1-A, Page 5 Addendum, Limitations

**Summary of Provisions:**

To ensure that the state delivers a medical assistance prescription drug program, which is both cost effective and prudently administered, the following describes the proposed coverage changes for prescribed drugs and/or supplies, effective April 1, 2005 for Prior Authorization with Preferred Drug List and Supplemental Rebates:

1. Prior Authorization with a Preferred Drug List
  - a. A prior authorization process is established which utilizes a preferred drug list (PDL) for selected therapeutic classes. Drugs included on the preferred drug list (PDL) are automatically prior authorized. Drugs in those classes that are not included on the PDL shall require prescribers to obtain prior authorization.
  - b. Providers will be notified of the drugs selected for placement on the PDL by selected therapeutic classes prior to implementation of the prior authorization process and as additional drugs are subsequently added to the list. This information will be posted on the DMAP website.
  - c. The prior authorization process provides for a turn-around response within 24 hours of receipt of a completed prior authorization request from a prescribing provider by telephone, mail or electronic communication. In emergency situations, providers may dispense at least a 72-hour supply of medication as mandated and pursuant to 42 United States Code s1396r-8.
  - d. The Drug Utilization Review (DUR) Board will make recommendations to the Department regarding drugs to be considered for prior authorization.
2. Prescription Quantity and Duration
  - a. Other drug product restrictions may include dosage and quantity limits, refill limits, and other parameters necessary to ensure appropriate utilization or to prevent fraud and abuse.
  - b. Prescriptions are limited to a quantity not to exceed the greater of 100 dosing units or a 34-day supply.
3. Supplemental Drug Rebates
  - a. The state intends to enter into agreements with pharmaceutical manufacturers to collect supplemental rebates for the benefit of the state's Medicaid clients providing such agreements are authorized by CMS.

b. Division of Social Services (DSS) will contract with an independent organization to negotiate supplemental rebate agreements with manufacturers.

By implementing these processes, the Department will ensure that all eligible Medicaid beneficiaries have the same comprehensive pharmacy coverage available to them, while reducing the cost of pharmaceutical products to the state. Physicians and patients will continue to have access to the same FDA-approved drugs as they have had in the past.

**8 DE Reg. 1494 (4/1/05)**