



An Information Service of the Division of Medical Assistance

North Carolina

Medicaid Pharmacy

Newsletter

Number 105

December 2001

In This Issue...

Changes in Drug Rebate Manufacturers

Pharmacy Stub Audits

Revision of Synagis Policy

North Carolina Division of Medical Assistance Maximum Allowable Cost (MAC) LIST

Oxycontin Alert

Dispensing Fee Change

POS Overrides Now Available

Tax Identification Information

Published by EDS, fiscal agent for the North Carolina Medicaid Program
1-800-688-6696 or 919-851-8888

Changes in Drug Rebate Manufacturers

The following changes are being made in manufacturers with Drug Rebate agreements. They are listed by Manufacturer code, the first five digits of the NDC.

Additions

The following labelers have entered into drug rebate agreements and joined the rebate program effective on the dates indicated below:

<i>Code</i>	<i>Manufacturer</i>	<i>Date</i>
00116	Xttrium Laboratories, Inc.	8/17/2001
04142	Biocodex Incorporated	9/24/2001
08881	Leader	8/2/2001
11086	Summers Laboratories, Inc.	10/15/2001
11994	Berlex Laboratories	8/15/2001
17205	Layton BioScience, Inc.	9/14/2001
36652	Leader	8/2/2001
56151	Leader	8/2/2001
65005	PTS Labs, LLC	9/14/2001
66213	PBM Pharmaceuticals, Inc.	8/24/2001
66572	LiquiSource, Inc.	10/4/2001

Reinstated Labeler

Bioglan Pharm, Inc. (Labeler Code 62436) has submitted missing drug prices for all quarters and signed a new rebate agreement. They will be reinstated in the drug rebate program effective January 1, 2002.

Terminated Labelers

The following labelers are being voluntarily terminated effective January 1, 2002:

Aaron Industries, Incorporated (Labeler Code 49580); and
Albemarle Corporation, formerly Winsor Pharmaceuticals (Labeler Code 59004)

The following labelers are being terminated effective January 1, 2002:

Royce Laboratories (Labeler Code 51875)
Invamed Inc. (Labeler Code 52189)
Watson Pharmaceuticals (Labeler Code 62109)

Pharmacy Stub Audits

Program Integrity has learned that rumors are circulating with regard to Medicaid auditors who are conducting stub audits. Auditors DO NOT visit the provider onsite and look at all stubs. A stub may be requested if the recipient has used two or more pharmacies in a month, in which case the pharmacy of record for payment becomes the pharmacy holding the stub. This may be an issue if one pharmacy is billing with the exempt override. Recipients are still required to "lock" into one pharmacy per month.

Revision of Synagis Policy

Synagis is a covered benefit reimbursable through the pharmacy program for FY 2001-2002. It has been approved for the prevention of RSV disease in high-risk children determined eligible by age and risk factors at the beginning of the RSV season. The drug is approved for administration once monthly during RSV season, which has been identified in NC as October 1, 2001 - March 31, 2002 and will be reimbursable only during that period.

The following guidelines and procedures should be used in determining appropriate candidates for Synagis. **Eligibility guidelines** are based on the 1998 American Academy of Pediatrics recommendations as published in *Pediatrics*.

1. Chronic Lung Disease and Less Than 2 Years of Age - Synagis prophylaxis should be considered for infants and children younger than 2 years of age with chronic lung disease (CLD) who have required medical therapy for their CLD within 6 months before the anticipated RSV season.
2. History of Premature Birth - Infants born at 32 weeks gestation or earlier, without CLD, may benefit from RSV prophylaxis.
 - a) Infants born at 28 weeks of gestation or earlier may benefit from RSV prophylaxis up to 12 months of age.
 - b) Infants born at 29-32 weeks of gestation may benefit most from prophylaxis up to 6 months of age.
 - c) Infants born from 32-35 weeks of gestation with additional risk factors may be considered for prophylaxis up to 6 months of age. Risk factors include underlying conditions that predispose to respiratory complication (e.g., neurologic disease in very low birth weight infants), number of young siblings, child care center attendance, exposure to tobacco smoke in the home, anticipated cardiac surgery, and distance to and availability of hospital care for severe respiratory illness.
3. Synagis is not recommended for children with cyanotic congenital heart disease.

When prescribing Synagis, the physician is required to write in his or her own handwriting on the face of the prescription: the birth weight, gestational age and date of birth of the child.

North Carolina Division of Medical Assistance State Maximum Allowable Cost (MAC)

Effective December 1, 2001, North Carolina Medicaid will implement a State MAC List for generic and multi-source brand drug products. The MAC List contains products with A-rated equivalents and, in the great majority of cases, products marketed by at least two labelers. Similar to the CMS Federal Upper Limit methodology, reimbursement is based on 150% of the lowest priced generic. In cases where 150% results in a price less than the cost of the second-lowest generic product, at least an additional ten (10) percent margin is added to the cost of the second-lowest drug to establish the MAC price. The additional margin is variable due to the wide range of differences in cost from product to product.

For established generic drugs with only one supplier, the MAC price is established between the actual acquisition cost and average wholesale price of the generic drug. A minimum reimbursement of 20% above actual acquisition is guaranteed for these drugs. In most cases, MAC pricing is substantially higher than this 20% which allows the State and pharmacies to share in the cost savings of using the generic product.

Drugs subjected to MAC pricing must be in adequate supply. Drug shortage information is verified through the national pharmacy websites <http://www.fda.gov/cder/drug/shortages/> and <http://www.ashp.org/shortage>) as well as through information provided by national drug wholesalers.

The State previously provided the North Carolina Association of Pharmacists (NCAP) and other interested organizations with the MAC List draft for their review and comments. DMA responded and made several adjustments, including price increases and product suspensions, to the original draft MAC List. The State encourages ongoing pharmacist participation to ensure that MAC List products and pricing are consistent with market conditions.

Oxycontin Alert

Program Integrity is being notified almost daily of forged Oxycontin prescriptions. Pharmacists should confirm the legitimacy of unfamiliar recipients and/or prescribers prior to filling an Oxycontin prescription. A forged prescription is not legal and could be subject to recoupment.

Dispensing Fee Change

Effective December 1, 2001, the dispensing fee for pharmacy claims will change to \$4.00 for brand name drugs, but remain at \$5.60 for generic drugs.

POS Overrides Now Available

Effective immediately, the following override functions are available for North Carolina Medicaid claims using the PA/MC field. The 3 and the 9 are new functions.

The "3" should be used if overriding edit 907 (high dose edit) and 6 Rx limit and the same time. The "9" includes both of these, in addition to the copay exemption.

Here is the entire list:

- "1" - PAMC- USED TO OVERRIDE IMPOTENCE DRUG EDIT AND MEDICARE EDIT *
- "2" - PAMC- SUPPLY-OVERRIDE
- "3" - PAMC- BOTH-SUPPLY-RXLIMIT (New: Both "2" and "5" are requested)
- "4" - PAMC- COPAY-EXEMPT
- "5" - PAMC- RX-LIMIT-EXEMPT
- "8" - PAMC- BOTH-EXEMPT (combines both "4" and "5")
- "9" - PAMC- ALL-SUPPLY-COPAY-RXLIMIT (New: "2", "4" and "5" are requested)

* This override can be used for the following reasons: 1) to override the impotence drug edit for males 44 and younger (a PA number should be noted on the prescription). 2) to override the Medicare edit, when a drug is not covered by Medicare (the reason for non-coverage should be noted on the prescription).

Tax Identification Information

Alert – Tax Update Requested

The N.C. Medicaid program must have the correct tax information on file for all providers. This ensures that 1099 MISC forms are issued correctly each year and that correct tax information is provided to the IRS. Incorrect information on file with Medicaid can result in the IRS withholding 30.5 percent of a provider's Medicaid payments. **The individual responsible for maintenance of tax information must receive the information contained in this article.**

How to Verify Tax Information

The last page of the Medicaid Remittance and Status Report (RA) indicates the tax name and number on file with Medicaid for the provider number listed. Review the Medicaid RA throughout the year to ensure that correct tax information is on file for each provider number. If you do not have access to a Medicaid RA, call EDS Provider Services at 919-851-8888 or 1-800-688-6696 to verify the tax information on file for each provider.

The tax information listed for a group practice is as follows:

- group tax name and group tax number
- attending Medicaid provider number in the group

How to Correct Tax Information

All providers are required to complete a W-9 form for each provider number with **incorrect** information on file. Corrected information must be received by December 15, 2001. The procedure for submitting corrected tax information to the Medicaid program is determined by the provider type.

- Physicians must submit completed and signed W-9 forms to their Blue Cross Blue Shield of North Carolina (BCBSNC) representative.
- Other providers, including Managed Care providers, must submit completed and signed W-9 forms along with a completed and signed Notification of Change in Provider Status form to the Division of Medical Assistance (DMA) Provider Services Unit.
- Carolina ACCESS (CA) providers must also submit a Carolina ACCESS Provider Information Change form to DMA Provider Services.

Copies of the change forms and the W-9 form can be obtained from the DMA website at <http://www.dhhs.state.nc.us/dma>.

Refer to the following instructions for completing the W-9. Additional instructions can be found on the IRS website at www.irs.gov under the link "Forms and Pubs."

- List the N.C. Medicaid provider number in the block titled "List account number(s) here."
- List the N.C. Medicaid provider name in the block titled "Business Name." It should appear **EXACTLY** as the IRS has on file.
- Indicate the appropriate type of business.
- Fill in either a social security number **OR** a tax identification number. Indicate the number **EXACTLY** as the IRS has on file for the provider's business. **(Do not insert a social security number unless the business is a sole proprietorship or individually owned and operated.)**
- An authorized person **MUST** sign and date this form or it will be returned as incomplete and the tax information on file with Medicaid **will not** be updated.

Change of Ownership

- Physicians must contact BCBSNC to report all changes in business ownership.
- All other providers, including Managed Care providers, must report changes to DMA Provider Services using the Notification of Change in Provider Status form.
- CA providers must also report changes to DMA Provider Services using the Carolina ACCESS Provider Information Change form.

DMA Provider Services will assign a new Medicaid provider number if necessary and will ensure the correct tax information is on file for Medicaid payments.

If DMA is not contacted and the incorrect tax id number is used, that provider will be **liable for taxes** on income not necessarily received by the provider's business. DMA will assume no responsibility for penalties assessed by the IRS or for misrouted payments prior to written receipt of notification of ownership changes.

Physician Group Practice Changes

When a physician leaves or a physician is added to a group practice, contact BCBSNC to update Medicaid enrollment and tax information. CA providers must also report changes to DMA Provider Services using the Carolina ACCESS Provider Information Change form.

Form **W-9**
(Rev. December 2000)
Department of the Treasury
Internal Revenue Service

**Request for Taxpayer
Identification Number and Certification**

Give form to the
requester. Do not
send to the IRS.

Name (See **Specific Instructions** on page 2.)

Business name, if different from above. (See **Specific Instructions** on page 2.)

Check appropriate box: Individual/Sole proprietor Corporation Partnership Other ▶

Address (number, street, and apt. or suite no.)

City, state, and ZIP code

Requester's name and address (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 2. For other entities, it is your employer identification number (EIN). If you do not have a number, see **How to get a TIN** on page 2.

Note: If the account is in more than one name, see the chart on page 2 for guidelines on whose number to enter.

Social security number

or

Employer identification number

Part II For U.S. Payees Exempt From Backup Withholding (See the instructions on page 2.)

List account number(s) here (optional)

Part III Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. person (including a U.S. resident alien).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 2.)

Sign Here **Signature of U.S. person** ▶ **Date** ▶

Purpose of Form

A person who is required to file an information return with the IRS must get your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to give your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee.

If you are a foreign person, use the appropriate Form W-8. See Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Corporations.

Note: If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

What is backup withholding? Persons making certain payments to you must withhold and pay to the IRS 31% of such payments under certain conditions. This is called "backup withholding." Payments that may be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

If you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return, payments you receive will not be subject to backup withholding. **Payments you receive will be subject to backup withholding if:**

- You do not furnish your TIN to the requester, or
- You do not certify your TIN when required (see the Part III instructions on page 2 for details), or
- The IRS tells the requester that you furnished an incorrect TIN, or
- The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

- You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the Part II instructions and the separate **Instructions for the Requester of Form W-9**.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of Federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name. If you are an individual, you must generally enter the name shown on your social security card. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first and then circle the name of the person or entity whose number you enter in Part I of the form.

Sole proprietor. Enter your individual name as shown on your social security card on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name" line.

Limited liability company (LLC). If you are a single-member LLC (including a foreign LLC with a domestic owner) that is disregarded as an entity separate from its owner under Treasury regulations section 301.7701-3, enter the owner's name on the "Name" line. Enter the LLC's name on the "Business name" line.

Caution: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

Other entities. Enter your business name as shown on required Federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name" line.

Part I—Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box.

If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see **How to get a TIN** below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are an LLC that is disregarded as an entity separate from its owner (see **Limited liability company (LLC)** above), and are owned by an individual, enter your SSN (or "pre-LLC" EIN, if desired). If the owner of a disregarded LLC is a corporation, partnership, etc., enter the owner's EIN.

Note: See the chart on this page for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get **Form SS-5**, Application for a Social Security Card, from your local Social Security Administration office. Get **Form W-7**, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN or **Form SS-4**, Application for Employer Identification Number, to apply for an EIN. You can get Forms W-7 and SS-4 from the IRS by calling 1-800-TAX-FORM (1-800-829-3676) or from the IRS's Internet Web Site at www.irs.gov.

If you do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all

such payments until you provide your TIN to the requester.

Note: Writing "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Part II—For U.S. Payees Exempt From Backup Withholding

Individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends. For more information on exempt payees, see the separate Instructions for the Requester of Form W-9.

If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding. Enter your correct TIN in Part I, write "Exempt" in Part II, and sign and date the form.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

Part III—Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 3, and 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required).

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified state tuition program payments, IRA or MSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to give your correct TIN to persons who must file information returns with the IRS to

report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA or MSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia to carry out their tax laws.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ³
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ³
5. Sole proprietorship	The owner ³
For this type of account:	Give name and EIN of:
6. Sole proprietorship	The owner ³
7. A valid trust, estate, or pension trust	Legal entity ⁴
8. Corporate	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name, but you may also enter your business or "DBA" name. You may use either your SSN or EIN (if you have one).

⁴ List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

Note: If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.



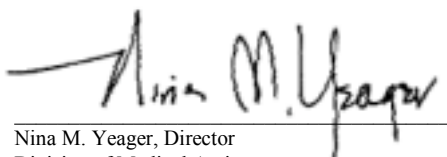
Checkwrite Schedule

November 6, 2001	December 11, 2001	February 12, 2002
November 14, 2001	December 18, 2001	February 19, 2002
November 20, 2001	December 28, 2001	February 27, 2002
November 29, 2001		

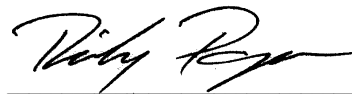
Electronic Cut-Off Schedule

November 2, 2001	December 7, 2001	February 8, 2002
November 9, 2001	December 14, 2001	February 15, 2002
November 16, 2001	December 21, 2001	February 22, 2002
November 21, 2001		

Electronic claims must be transmitted and completed by 5:00 p.m. on the cut-off date to be included in the next checkwrite. Any claims transmitted after 5:00 p.m. will be processed on the second checkwrite following the transmission date.



Nina M. Yeager, Director
Division of Medical Assistance
Department of Health and Human Services



Ricky Pope
Executive Director
EDS



P.O. Box 300001
Raleigh, North Carolina 27622

Presorted Standard
U.S. POSTAGE
PAID
Raleigh, N.C.
Permit No. 1087

