



CABINET FOR HEALTH AND FAMILY SERVICES  
OFFICE OF THE UNDERSECRETARY FOR HEALTH

Ernie Fletcher  
Governor

DEPARTMENT FOR MEDICAID SERVICES  
COMMISSIONER'S OFFICE  
275 E. Main Street, Mailstop 6W-A  
Frankfort, KY 40621  
(502) 564-4321  
Fax (502) 564-0509  
[www.chfs.ky.gov](http://www.chfs.ky.gov)

James W. Holsinger, Jr., M.D.  
Secretary

April 6, 2005

Provider Letter: #A-65

**RE: 3-Branded Drug Allowance Policy**

Dear Provider:

This letter provides important information about changes to the Medicaid Pharmacy Program. Changes are based on recommendations from the Kentucky Department for Medicaid Services. First Health Services, the Pharmacy Benefit Administrator for the Kentucky Medicaid Pharmacy Program, has been instructed to **institute a 3-branded drug allowance policy (per member/ per rolling calendar month) effective April 19, 2005.**

**3 Branded Drugs/ Month with Unlimited Generic Drug Access**

**Categorical Exceptions:**

- Children (0 to the date of 19th birthday)

**Drug Class Exceptions:**

- Insulin

**Monthly Drug Allowance Override Code Process**

- Overrides will be performed by Pharmacists when
  - Monthly branded prescription limit has been exceeded, **and**
  - Member has one of the following medical conditions **and**
  - The prescription is for an essential drug used in the patient's treatment plan for one of the conditions below:
- Hemophilia
- HIV/AIDS
- Dementia
- Psychotic disorders
- Schizophrenic disorders
- Schizotypal personality disorders
- Bipolar disorders



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- Acute therapy for migraine headaches
- Cancer
- Epilepsy
- Suppressive therapy for thyroid cancer
- Coronary artery/cerebrovascular disease (advanced atherosclerotic disease)
- Hyperlipidemia
- Hypertension with co-morbid type 2 diabetes with nephropathy or systolic heart failure
- Cardiac rhythm disorders
- Diabetes
- Metabolic syndrome
- End stage lung disease
- End stage renal disease (ESRD)
- Organ transplant
- Terminal stage of an illness

Pharmacy providers will be notified at the point of sale, through hard messaging, when a member has exceeded the 3 brand name allowance. When this occurs, the pharmacist should communicate with the treating prescriber to determine alternative generic drugs that can be utilized in place of previously prescribed branded drugs. If switching to a generic therapeutic alternative is not feasible in any on these instances, the pharmacist may utilize the 3 brand name allowance submission clarification code "07" (entered into NCPDP Field #420) to complete the processing of the claim.

- In extreme life threatening situations, pharmacists are permitted to utilize their experience and clinical judgment to override the 3 branded drug allowance message to ensure the member is not denied pharmaceutical intervention due to communication delays between the treating prescriber.
- Current prior authorization, dosage, duplicate therapy, and ICD-9 requirements apply in addition to the 3 branded drug allowance policy.

**Due to the adequate availability of generic alternatives to drugs in the therapeutic classes listed below, the 3 branded drug allowance submission clarification code process will be systematically monitored to determine the need for hard denials that require fax prior authorization requests through the First Health clinical call center.**

- Cough and cold
- Non-sedating antihistamines
- Cox II inhibitors
- Oral Antidiabetics
- ACE inhibitors
- Beta blockers

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- Calcium Channel Blockers
- Phosphodiesterase Inhibitors
- SSRI's
- Anticonvulsants

Medicaid's web site at <http://chfs.ky.gov/dms/Pharmacy.htm> provides information about the Medicaid Pharmacy Program and related topics such as the preferred drug list (First Health Services link/ Providers/ Documents), pharmacy provider letters, Pharmacy and Therapeutics Committee meetings and recommendations.

**Contact Information:**

<u>For Questions About</u>	<u>Contact</u>	<u>Phone</u>
Previously sent drug PA requests	Prior Auth Help Desk	800-477-3071
Billing of pharmacy claims	Provider Help Desk	800-432-7005
This letter or Medicaid policies	Pharmacy Department	502-564-7940

Sincerely,

  
Shannon R. Turner, J.D.  
Commissioner

Xc: Pharmacy Provider Letter A-65(2)

SRT/CS/JH/amd