

## Clinical Policy: Physician's Drug Program

Reference Number: CP.WNC.101

Last Review Date: 08/24

Coding Implications

[Revision Log](#)

See Important Reminder at the end of this policy for important regulatory and legal information.

Note: When state Medicaid coverage provisions conflict with the coverage provisions in this clinical policy, state Medicaid coverage provisions take precedence. Please refer to the state Medicaid manual for any coverage provisions pertaining to this clinical policy.

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### Description<sup>1</sup>

The Physicians Drug Program (PDP) covers many, but not all, primarily injectable drugs that are purchased and administered by a medical professional in a physician's office or in an outpatient clinic setting.

### Policy/Criteria<sup>1</sup>

I. It is the policy of WellCare of North Carolina® that Physician Administered Drugs are **medically necessary** for the following indications, as required in the NC Medicaid Physician Drug Program:

- A. The Physician's Drug Program (PDP) covers drugs, primarily injectable, for use in an office or outpatient clinic setting. Drugs covered in the PDP include:
  - 1. Therapeutic drugs, some implants, biologic agents, immune globulins, vaccines, and therapeutic radiopharmaceutical agents.
  - 2. Injectable medications are covered only when oral medications are contraindicated.
  - 3. Indications approved by the Food and Drug Administration (FDA) are generally covered in the PDP.

Providers are encouraged to refer to the Physician Drug Program Drug Catalogue and the Medicaid Bulletin, published monthly, that contains individual articles regarding drugs and specific billing guidelines.

II. It is the policy of WellCare of North Carolina® that the Physician Administered Drugs are **NOT medically necessary** for the following indications:

- A. Providers who determine that the indications or dosing for a particular drug is medically necessary for a member, but those parameters fall outside of the predetermined standards for that drug (based on the Physician Drug Program Drug Catalogue and the Medicaid Bulletins) may submit health record information and compendia or peer-reviewed medical literature supporting its use (as per 42U.S.C. 1396r 8(g)(1)(B)) to WellCare of NC by calling the Pharmacy 1.0 team at (866) 799-5318.

### III. Limitations or Requirements

#### A. Expense to the Provider

1. The costs of drugs or biologic agents billed for Medicaid members by the provider through the PDP program must represent an expense actually incurred by the provider.
2. If a drug has been provided by a drug manufacturer at no cost to the provider, that drug must not be billed to Medicaid.

#### B. Program Restrictions and Limitations

1. Not all injectable drugs are automatically covered in the PDP.
2. An injectable drug covered by Medicare is not necessarily covered in the PDP.
3. Some injectable drugs and biologicals are covered through the Outpatient Pharmacy Program, some are covered through the PDP, and some are covered in both programs.
4. Those drugs reimbursable through the PDP may be found on the PDP fee schedule and Physician Drug Program Drug Catalogue at: <https://medicaid.ncdhhs.gov/>. Providers may also call the Pharmacy 1.0 team at (866) 799-5318 with the HCPCS code for the drug, to obtain information regarding coverage of the drug. The caller shall indicate which program they are referencing (PDP vs. Outpatient Pharmacy).
5. Drugs covered through the PDP must be subject to a manufacturer's rebate agreement on file with the Centers for Medicare and Medicaid Services (CMS).

#### C. Drug Restrictions and Limitations

1. There may be restrictions regarding the age and gender of the members who may receive a particular drug.
2. Some drugs may have specific billing requirements or unit limitations. Providers may call the Pharmacy 1.0 team at (866) 799-5318 regarding coverage of a specific ICD-10-CM diagnosis code or limitations for a specific drug. Refer to drug-specific general bulletin articles and the Physician Drug Program Drug Catalogue for more information. Providers shall regularly check the Drug Catalogue for updates.

#### D. Outpatient Pharmacy Point-of-Sale Medications

1. Medicaid shall also cover outpatient drugs through the Outpatient Pharmacy Program.
2. These programs cover prescription drugs that are approved by the FDA and are included in a manufacturer's rebate agreement on file with CMS. Drugs that meet these criteria are automatically covered through the Outpatient Pharmacy Program, unless NC Medicaid determines that the drug is covered only for use in an office setting and not by prescription. In this case, the drug is covered only through the PDP. **Note:** FDA-approved and rebateable drugs that are not covered through the PDP may be covered through the Outpatient Pharmacy Program. Drugs covered through the Outpatient Pharmacy Program must be obtained by prescription. (Pharmacies bill Medicaid for all drugs through an

online point-of-sale system.) Refer to clinical coverage policy 9, Outpatient Pharmacy Program, at <https://medicaid.ncdhhs.gov/>.

**E. 340-B Federal Drug Pricing Program**

1. The PDP reimburses for drugs billed to Medicaid by 340-B participating providers who have registered with the Office of Pharmacy Affairs (OPA) at <http://opanet.hrsa.gov/opa/CE/CEMedicaidextract.aspx>
2. The 340-B federal pricing program provides access to reduced-price prescription drugs.

**Background<sup>1</sup>**

The Physicians Drug Program (PDP) covers many, but not all, primarily injectable drugs that are purchased and administered by a medical professional in a physician's office or in an outpatient clinic setting.

**Coding Implications**

This clinical policy references Current Procedural Terminology (CPT®). CPT® is a registered trademark of the American Medical Association. All CPT codes and descriptions are copyrighted 2024, American Medical Association. All rights reserved. CPT codes and CPT descriptions are from the current manuals and those included herein are not intended to be all-inclusive and are included for informational purposes only. Codes referenced in this clinical policy are for informational purposes only. Inclusion or exclusion of any codes does not guarantee coverage. Providers should reference the most up-to-date sources of professional coding guidance prior to the submission of claims for reimbursement of covered services.

CPT® Codes	Description
See <a href="https://medicaid.ncdhhs.gov/documents/physician-administered-drug-program-catalog">https://medicaid.ncdhhs.gov/documents/physician-administered-drug-program-catalog</a>	

HCPCS ® Codes	Description
See <a href="https://medicaid.ncdhhs.gov/documents/physician-administered-drug-program-catalog">https://medicaid.ncdhhs.gov/documents/physician-administered-drug-program-catalog</a>	

**ICD-10-CM Diagnosis Codes that Support Coverage Criteria**

+ Indicates a code(s) requiring an additional character

ICD-10-CM Code	Description
See <a href="https://medicaid.ncdhhs.gov/documents/physician-administered-drug-program-catalog">https://medicaid.ncdhhs.gov/documents/physician-administered-drug-program-catalog</a>	

Reviews, Revisions, and Approvals	Reviewed Date	Approval Date
Original approval date	12/20	06/21
Annual Review	07/21	08/21

# CLINICAL POLICY WNC.CP.101

## Physician's Drug Program



Reviews, Revisions, and Approvals	Reviewed Date	Approval Date
Annual Review	08/22	08/22
NCHC verbiage removed from NC Guidance Verbiage.	03/23	03/23
Annual Review. Verbiage change with no effect on criteria.	08/23	08/23
Annual Review. Removed "Medicaid and health choice" verbiage from References.	08/24	08/24

### References

1. State of North Carolina Medicaid Clinical Coverage Policy No:1B Physician's Drug Program. [Program Specific Clinical Coverage Policies | NC Medicaid \(ncdhhs.gov\)](#). Published April 1, 2023. Accessed May 6, 2024.

### North Carolina Guidance

#### *Eligibility Requirements*

- a. An eligible beneficiary shall be enrolled in the NC Medicaid Program (Medicaid is NC Medicaid program, unless context clearly indicates otherwise);
- b. Provider(s) shall verify each Medicaid beneficiary's eligibility each time a service is rendered.
- c. The Medicaid beneficiary may have service restrictions due to their eligibility category that would make them ineligible for this service.

#### *EPSDT Special Provision: Exception to Policy Limitations for a Medicaid Beneficiary under 21 Years of Age*

- a. 42 U.S.C. § 1396d(r) [1905(r) of the Social Security Act]  
Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) is a federal Medicaid requirement that requires the state Medicaid agency to cover services, products, or procedures for Medicaid beneficiary under 21 years of age if the service is medically necessary health care to correct or ameliorate a defect, physical or mental illness, or a condition [health problem] identified through a screening examination (includes any evaluation by a physician or other licensed practitioner).

This means EPSDT covers most of the medical or remedial care a child needs to improve or maintain his or her health in the best condition possible, compensate for a health problem, prevent it from worsening, or prevent the development of additional health problems.

Medically necessary services will be provided in the most economic mode, as long as the treatment made available is similarly efficacious to the service requested by the beneficiary's physician, therapist, or other licensed practitioner; the determination process does not delay the delivery of the needed service; and the determination does not limit the beneficiary's right to a free choice of providers.

EPSDT does not require the state Medicaid agency to provide any service, product or procedure:

1. that is unsafe, ineffective, or experimental or investigational.
2. that is not medical in nature or not generally recognized as an accepted method of medical practice or treatment.

Service limitations on scope, amount, duration, frequency, location of service, and other specific criteria described in clinical coverage policies may be exceeded or may not apply as long as the provider's documentation shows that the requested service is medically necessary "to correct or ameliorate a defect, physical or mental illness, or a condition" [health problem]; that is, provider documentation shows how the service, product, or procedure meets all EPSDT criteria, including to correct or improve or maintain the beneficiary's health in the best condition possible, compensate for a health problem, prevent it from worsening, or prevent the development of additional health problems.

#### **EPSDT and Prior Approval Requirements**

1. If the service, product, or procedure requires prior approval, the fact that the beneficiary is under 21 years of age does NOT eliminate the requirement for prior approval.
2. **IMPORTANT ADDITIONAL INFORMATION** about EPSDT and prior approval is found in the *NCTracks Provider Claims and Billing Assistance Guide*, and on the EPSDT provider page. The Web addresses are specified below:

*NCTracks Provider Claims and Billing Assistance Guide:*

<https://www.nctracks.nc.gov/content/public/providers/provider-manuals.html>

*EPSDT provider page:* <https://medicaid.ncdhhs.gov/>

#### *Provider(s) Eligible to Bill for the Procedure, Product, or Service*

To be eligible to bill for the procedure, product, or service related to this policy, the provider(s) shall:

- a. meet Medicaid qualifications for participation;
- b. have a current and signed Department of Health and Human Services (DHHS) Provider Administrative Participation Agreement; and
- c. bill only for procedures, products, and services that are within the scope of their clinical practice, as defined by the appropriate licensing entity.

#### *Compliance*

Provider(s) shall comply with the following in effect at the time the service is rendered:

- a. All applicable agreements, federal, state and local laws and regulations including the Health Insurance Portability and Accountability Act (HIPAA) and record retention requirements; and
- b. All NC Medicaid's clinical (medical) coverage policies, guidelines, policies, provider manuals, implementation updates, and bulletins published by the Centers for Medicare and Medicaid Services (CMS), DHHS, DHHS division(s) or fiscal contractor(s).

#### *Claims-Related Information*

## CLINICAL POLICY WNC.CP.101

### Physician's Drug Program



Provider(s) shall comply with the NC Tracks Provider Claims and Billing Assistance Guide, Medicaid bulletins, fee schedules, NC Medicaid's clinical coverage policies and any other relevant documents for specific coverage and reimbursement for Medicaid:

- a. Claim Type - as applicable to the service provided:  
Professional (CMS-1500/837P transaction)  
Institutional (UB-04/837I transaction)  
Unless directed otherwise, Institutional Claims must be billed according to the National Uniform Billing Guidelines. All claims must comply with National Coding Guidelines.
- b. International Classification of Diseases and Related Health Problems, Tenth Revisions, Clinical Modification (ICD-10-CM) and Procedural Coding System (PCS) - Provider(s) shall report the ICD-10-CM and Procedural Coding System (PCS) to the highest level of specificity that supports medical necessity. Provider(s) shall use the current ICD-10 edition and any subsequent editions in effect at the time of service. Provider(s) shall refer to the applicable edition for code description, as it is no longer documented in the policy.
- c. Code(s) - Provider(s) shall report the most specific billing code that accurately and completely describes the procedure, product or service provided. Provider(s) shall use the Current Procedural Terminology (CPT), Health Care Procedure Coding System (HCPCS), and UB-04 Data Specifications Manual (for a complete listing of valid revenue codes) and any subsequent editions in effect at the time of service. Provider(s) shall refer to the applicable edition for the code description, as it is no longer documented in the policy. If no such specific CPT or HCPCS code exists, then the provider(s) shall report the procedure, product or service using the appropriate unlisted procedure or service code.  
*Unlisted Procedure or Service*  
CPT: The provider(s) shall refer to and comply with the Instructions for Use of the CPT Codebook, Unlisted Procedure or Service, and Special Report as documented in the current CPT in effect at the time of service.  
HCPCS: The provider(s) shall refer to and comply with the Instructions For Use of HCPCS National Level II codes, Unlisted Procedure or Service and Special Report as documented in the current HCPCS edition in effect at the time of service
- d. Modifiers - Providers shall follow applicable modifier guidelines.
- e. Billing Units - Provider(s) shall report the appropriate code(s) used which determines the billing unit(s).
- f. Co-payments -  
For Medicaid refer to Medicaid State Plan:  
<https://medicaid.ncdhhs.gov/get-involved/nc-health-choice-state-plan>
- g. Reimbursement - Provider(s) shall bill their usual and customary charges. For a schedule of rates, refer to: <https://medicaid.ncdhhs.gov/>.

### **Important Reminder**

This clinical policy has been developed by appropriately experienced and licensed health care professionals based on a review and consideration of currently available generally accepted standards of medical practice; peer-reviewed medical literature; government agency/program



## CLINICAL POLICY WNC.CP.101

### Physician's Drug Program



approval status; evidence-based guidelines and positions of leading national health professional organizations; views of physicians practicing in relevant clinical areas affected by this clinical policy; and other available clinical information. The Health Plan makes no representations and accepts no liability with respect to the content of any external information used or relied upon in developing this clinical policy. This clinical policy is consistent with standards of medical practice current at the time that this clinical policy was approved. "Health Plan" means a health plan that has adopted this clinical policy and that is operated or administered, in whole or in part, by Centene Management Company, LLC, or any of such health plan's affiliates, as applicable.

The purpose of this clinical policy is to provide a guide to medical necessity, which is a component of the guidelines used to assist in making coverage decisions and administering benefits. It does not constitute a contract or guarantee regarding payment or results. Coverage decisions and the administration of benefits are subject to all terms, conditions, exclusions and limitations of the coverage documents (e.g., evidence of coverage, certificate of coverage, policy, contract of insurance, etc.), as well as to state and federal requirements and applicable Health Plan-level administrative policies and procedures.

This clinical policy is effective as of the date determined by the Health Plan. The date of posting may not be the effective date of this clinical policy. This clinical policy may be subject to applicable legal and regulatory requirements relating to provider notification. If there is a discrepancy between the effective date of this clinical policy and any applicable legal or regulatory requirement, the requirements of law and regulation shall govern. The Health Plan retains the right to change, amend or withdraw this clinical policy, and additional clinical policies may be developed and adopted as needed, at any time.

This clinical policy does not constitute medical advice, medical treatment or medical care. It is not intended to dictate to providers how to practice medicine. Providers are expected to exercise professional medical judgment in providing the most appropriate care, and are solely responsible for the medical advice and treatment of members/enrollees. This clinical policy is not intended to recommend treatment for members/enrollees. Members/enrollees should consult with their treating physician in connection with diagnosis and treatment decisions.

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**CLINICAL POLICY WNC.CP.101**  
**Physician's Drug Program**



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