



**Attention: Medical Physicians, Pharmacies, FQHC, RHC and Nursing Homes**

Effective December 1, 2004, the Alabama Medicaid Agency implemented an electronic prior authorization (PA) system. The drug classes included in the first implementation phase are as follows:

- NSAIDs
- Second Generation Antihistamines
- Oral Sustained Release Opioid Agonists (SROA)

There will be no change in the way a pharmacist submits a claim. Medicaid’s system will check claims history to determine if PA medical requirements are met. If it is determined that all criteria are met and request is approved, the claim will pay and no manual PA request will be required. If approval cannot be determined based on available claims history, a manual PA request will be needed. Here is how it works:

Example A:

A pharmacist submits a claim for a second-generation antihistamine. The patient has tried and failed on two prior therapies that were billed and paid by Medicaid and has had a medical claim filed with an appropriate diagnosis. The system will identify these claims and match them with the clinical criteria. If all criteria are met as in this example, the claim will pay automatically and no manual PA will need to be obtained.

Example B:

A pharmacist submits a claim for a COX II drug. The patient has tried and failed on two prior therapies that were billed and paid by Medicaid but has no medical claim on file that lists an appropriate diagnosis. The system will send an “On-Line PA Denied” message to the pharmacist. The pharmacy/physician must then initiate a manual PA request. An online PA denial does not mean that the service requested is considered a non-covered service; only non-covered services can be charged to the recipient. To determine if a service that has received an online PA denial is covered, a manual PA request must be completed. Only after the manual PA request is denied, can the pharmacist charge the recipient.

Some possible reasons for an electronic denial:

1. Patient does not meet clinical criteria based on available claims history
2. Units dispensed are 150% of the maximum quantity limits
3. Previous PA issued and still in effect with a different NDC
4. Recipient is a new Medicaid eligible and no claims history exists

Upon implementation of all eligible drug classes, Medicaid anticipates the electronic PA system to eliminate approximately 40 percent of manual prior authorizations that are currently being requested.

Please direct policy questions to the Medicaid office at (334) 242-5050. Questions concerning prior authorization denials/approvals should be directed to Health Information Designs, Inc. at 1-800-748-0130.