# DWC Fast Facts Pharmacy

as of March 14, 2004

## When are generics and OTCs required?

Generic drugs are required when they are available as long as they are clinically appropriate. There may be times that the prescribing doctor believes the brand-name drug is necessary. In such a situation, the prescribing doctor must specify on the prescription that the brand-name drug is necessary and must maintain documentation justifying the use of the brand-name drug in the employee's medical record. **When clinically appropriate, the prescribing doctor shall prescribe over-the-counter (OTC) medications in lieu of prescription drugs.**

## What is the reimbursement methodology?

For calculating the maximum allowable reimbursement (MAR), the following formulas apply:

**Brand-name:** (AWP per unit x number of units x 1.09) + $4.00 dispensing fee = MAR

**Generic:** (AWP per unit x number of units x 1.25) + $4.00 dispensing fee = MAR

**OTCs:** The retail price of the lowest package quantity reasonably available that will fill the prescription.

**A compounding fee of $15 per compound shall be added for compound drugs.**

AWP (average wholesale price) is determined by using a nationally recognized pharmaceutical reimbursement system (e.g., Redbook, First Data Bank Services) in effect on the day the prescription drug is dispensed.

## Worker reimbursement for medications

Injured workers are entitled to reimbursement for out-of-pocket purchases of medications prescribed or ordered by the doctor. The worker should submit to the carrier a copy of the prescription and receipt indicating the amount paid. The request should also include a letter requesting reimbursement that includes identifying information, such as worker name, address, date of injury, and social security number. Injured worker reimbursement for prescription drugs will be the lesser of the amount charged (usual and customary) or the fee established by the appropriate reimbursement formula. Injured worker reimbursement for OTCs will be the retail price of the lowest package quantity reasonably available that will fill the prescription.

Division rules §134.500, §§134.502-134.504, and §134.506 apply to all outpatient prescriptions **prescribed or filled on or after March 1, 2002.** These rules implement Texas Labor Code §408.028 amended by the 78th Texas Legislature.

## Can the worker refuse a generic substitution or "upgrade" to a brand-name prescription drug?

Yes. In accordance with the Texas workers' compensation statute, Division rules allow a brand-name prescription drug to be dispensed when the prescribing doctor has prohibited the substitution of a generically equivalent drug by writing across the face of the prescription "brand necessary" or "brand medically necessary" in accordance with Texas State Board of Pharmacy rules. The statute and Division rules allow the worker to request the brand-name prescription drug and pay the difference, in cost between the generic and brand name medicine. **The out-of-pocket expense for "up-grading" a prescription for a generic medication is not reimbursable by the insurance carrier.**

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## Pharmacy

The pharmacist shall dispense **no more than a 90-day supply** of a prescription drug.

## Prescribing doctors must:

- Indicate on the prescription that it's related to a workers' compensation claim;
- Prescribe generic prescription drugs when available and clinically appropriate;
- Prescribe over-the-counter medications in lieu of a prescription drug when clinically appropriate; and
- If requested, provide a statement of medical necessity no later than the 14th working day after receipt of request.

## Billing reminders

- Pharmacists submit bills on the DWC Form-66
- Use National Drug Codes when billing for prescription drugs
- When billing for a compound medication, list each drug separately and calculate the charge for each drug

## Communication

Before denying reimbursement for prescription or OTC medications the carrier is required to request a statement of medical necessity from the prescribing doctor. The carrier is required to send the pharmacist and injured worker a copy of the request. Additionally, the pharmacist or worker may request a statement of medical necessity from the prescribing doctor. At the time an insurance carrier reduces or denies payment for medications, the carrier shall send the Explanation of Benefits (EOB) to the pharmacist, worker, and prescribing doctor.

## Important definitions

**Open Formulary —** Includes all available FDA-approved prescription and non-prescription drugs, but does not include drugs that lack FDA approval or non-drug items.

**Statement of Medical Necessity —** A written statement and supporting documentation from the prescribing doctor to establish the need for treatments and services, or prescriptions, including the need for a brand-name drug where applicable. A statement of medical necessity includes the worker's full name, date of injury, social security number or DWC claim number, and how the services or prescriptions treat the diagnosis, promote recovery, or enhance the ability of the worker to return to or retain employment.

**(§134.500 contains a full list of definitions relating to pharmaceutical delivery.)**

## Resources

- Many resources, including the Act, proposed and adopted rules, and forms, are available on the DWC website, www.tdi.state.tx.us.
- To obtain the Division of Workers' Compensation Act or Rules, please call the DWC Publications Department at (512) 804-4245 or print and mail the order form under the "Publications Price List" heading on the DWC website, www.tdi.state.tx.us/wc/information/pubpricelist.html.
- For more information about DWC medical benefits laws, processes, rules, and forms call DWC's Customer Services at (512) 804-4800 and select option 5.

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