

## **Clarification of Plan Due Diligence in Prior Authorization of Part B versus Part D Coverage Determinations**

**Background:** In order to help simplify the process of Part D plans and pharmacists determining whether a drug should be billed to Part D or Part B, CMS sent letters on February 13, 2006 to medical specialty groups recommending that providers include certain additional information on prescriptions that may help Part D plans and pharmacists differentiate between those drugs which may qualify as Part D drugs and those which may qualify as Part B drugs. We indicated that the information would be intended to facilitate, but not replace, a Part D plan's existing processes for making a determination of Part D coverage.

**Q.** If in accordance with CMS guidance a physician includes additional information on a prescription that is sufficient to determine whether the drug is covered, what further due diligence is required of the Part D plan for making a determination of Part D coverage?

**A.** Plans may rely on physician information included with the prescription, such as diagnosis information (e.g., to determine if the prescription is related to a Medicare covered transplant) or location of administration (e.g., to determine if the prescription is being dispensed for a beneficiary in a nursing home) to the same extent they rely on similar information acquired through documentation from physicians on prior authorization forms. Assuming the indication on the script is sufficient to make the coverage determination, there is no need in such cases to require additional information to be obtained from the physician.

To the extent that the plan requires their contracted pharmacies to report the information provided on the prescription to assist in the determination of Part B versus Part D coverage, the plan may rely on the pharmacist's report of appropriate information to make the coverage determination under Part D. For example, for cases in which Prednisone is prescribed for a condition other than immunosuppression secondary to a Medicare-covered transplant, and this is indicated on the prescription, a plan may authorize the pharmacy to dispense the drug under Part D without seeking further information from the prescribing physician.

This clarification should not be construed to indicate that a Part D plan may not impose prior authorization or other procedures to ensure appropriate coverage under the Medicare drug benefit. The Part D plan is ultimately responsible for making the Part D coverage determination. However, we believe that the plan will have met appropriate due diligence standards without further contacting a physician if necessary and sufficient information is provided on the prescription, and the contracted pharmacy is able to communicate this information to the plan in order to make the coverage determination.

CMS is preparing additional guidance to assist plans, pharmacies and physicians in operationalizing these Part B versus Part D coverage determinations.