

MAXIMUM ALLOWABLE AMOUNT FOR NON-RISK BASED DRUGS BILLED WITH 'UNCLASSIFIED' PROCEDURE CODES

05/24/2024

BACKGROUND

HHSC manually suspends drugs billed with the 'Unclassified' procedure code in fee-for-service Medicaid for manual review. Drugs billed with these codes will not show a maximum allowable fee on the fee schedule. HHSC provides this notice to disclose the maximum allowable reimbursement for non-risk drugs currently payable under a 'Unclassified' procedure code as referenced in the National Drug Code to Healthcare Common Procedure Coding System (NDC to HCPCS) crosswalk.

KEY DETAILS

HHSC bases the pricing for an outpatient medical claim for an 'Unclassified' procedure code on the lesser of the manufacturer's suggested retail price minus 18 percent or Average Wholesale Price minus 10.5 percent. Currently, two non-risk drugs are billed with the 'Unclassified' procedure code. The effective date and current maximum allowable reimbursement rate for Skysona and Zynteglo are in the table below.

Drug Name	HCPCS Code	Maximum Allowable Rate	Effective Date
Skysona	J3590	\$3,222,000	7/1/2023
Zynteglo	J3590	\$3,007,200	7/1/2023

The qualified treatment center must send the prescription to the manufacturer-authorized specialty pharmacy. The pharmacy will process the claim for the drug through medical benefits using the 'Unclassified' procedure code.

MCOs will be reimbursed non-risk for the 'Unclassified' procedure codes listed above when billed through the outpatient drug benefit. To be eligible for reimbursement, medical encounters must contain a Financial Arrangement Code value of "20". The clients' inpatient hospitalization will be billed under the Diagnosis Related Group (DRG) and is not eligible for non-risk reimbursement. The prior authorization criteria remain unchanged and are found in the TMPPM Outpatient Drugs Handbook.

As a reminder, HHSC limits non-risk payments to the actual amounts paid to providers for the drug's ingredient cost (up to the fee-for-service reimbursement amount). MCOs should require the facility to submit an invoice as they may be able to purchase the drug for less than this rate.