Chapter 17:

Pharmacy and Drug Formulary

Reviewed/Revised: 9/1/24, 1/1/24

17.0 INTRODUCTION

BCBSAZ Health Choice is pleased to provide the Plan's Preferred Drug List, which is also available online at azblue.com/pharmacy. The medications listed in the formulary should be used when prescribing to BCBSAZ Health Choice StandardHealth members. This is a closed formulary and only the drugs listed in this formulary are covered by the Plan except when prior authorization is given.

Benefits and cost-sharing for prescription medications vary according to the member's benefit plan terms, the medication prescribed, a 30- vs 90-day prescription (for maintenance drugs), and whether the medication is obtained through a retail pharmacy, a specialty pharmacy, a mail order pharmacy, or administered in a physician's office, through home health services, or at other sites of care. If the information in this Section differs from the applicable benefit plan, the terms of the member's benefit plan control.

Determining the member's pharmacy benefits

- **Member ID card (may include plan type and cost-share information)**
  The member's ID card generally displays the type of prescription benefit and the applicable customer service phone number. Abbreviated prescription medication cost-share information may also be displayed.
- **Online resources (including drug list/formulary information)**
  AZ Blue benefit plans include different drug list or formulary options. Drug lists and formularies are updated regularly and displayed online at azblue.com/pharmacy. You can also find specific plan information on this webpage:
  - Affordable Care Act (ACA) Plans – For our Affordable Care Act (ACA)-compliant benefit plans

Preferred Drugs: The Preferred Drug List (otherwise referred to as Formulary) is developed to encourage the use of safe, effective, clinically appropriate, and the most cost-effective medications. Whenever a claim is submitted for a non-preferred drug (or non-formulary drug), the claim will reject and notify the pharmacy that a prior authorization is required. The Plan encourages the use of medications on our Preferred Drugs List (Formulary), as appropriate, before approving a non-preferred drug unless:

1. The member has previously completed step therapy using the preferred drug(s), or
2. The member's prescribing clinician supports the medical necessity of the non-preferred drug over the preferred drug for the particular member through the prior authorization process.
3. The member has previously tried and failed all formulary alternatives approved to treat their condition.

17.1 PREFERRED DRUG LIST OR FORMULARY

- **Closed formulary tiered benefits**
  Certain benefit plans, such as ACA-compliant qualified health plans, have a restricted, or a closed formulary. Many FDA-approved medications are available at varying cost-share amounts (except those specifically excluded or deemed non-formulary), depending on the type of benefit plan and the medication's assigned "tier." Some plans also have a deductible that must be met before copays apply.

  Coverage of non-formulary medications requires approval by AZ Blue through the prior authorization process.

  - **Closed formulary 4-tier benefits**
    Members pay a fixed-dollar copay for medications in tiers 1-3. Members pay coinsurance for specialty medications in the 4th tier.
  - **Closed formulary coinsurance benefits (including high-deductible plans)**
    Members pay deductible and applicable coinsurance for covered medications.

Covered dosage forms and strengths of the drug are cited in the formulary. Certain drugs may be available within a set monthly quantity restriction, signified by the letters QL, or require prior authorization for coverage.

Basic coverage requirements

To be covered, prescription medications must, at a minimum, meet all of the following criteria:

- The medication must be approved by the U.S. Food and Drug Administration (FDA) for the diagnosis for which the medication has been prescribed.
- The quantity of the medication must be medically appropriate for the diagnosis and for the specific patient. See information below on drug wastage for injectable medications.
- The medication must be dispensed by a pharmacy located in the U.S. and by a pharmacist licensed in the U.S., unless the medication is needed for an urgent or emergency medical situation while the member is traveling outside the U.S. Claims for medications dispensed outside the U.S. will be subject to the U.S. dollar exchange rate on the date the claim is paid.
- The medication must not be excluded by a different provision under the member's benefit plan.

For pharmacy coverage guidelines, visit the pharmacy resource pages at azblue.com/pharmacy.

17.2 Overall Pharmacy Coverage information

Drug wastage

Drug wastage occurs with injectable medications when the entire single-dose vial or single-dose pre-filled package of a drug cannot be administered, and the unused portion must be discarded.

- **Eligible for reimbursement**
  Drug wastage may be eligible for reimbursement for single-use vials or single-dose pre-filled packaging. Specific documentation and billing procedures must be followed:

  - **Required documentation:** AZ Blue may request the following records to determine if drug wastage is eligible for reimbursement:
    - Drug name
    - Time and date drug was administered
    - Route of administration
    - Drug amount administered
    - Amount of drug available in the single-use vial or single-dose pre-filled package
    - Drug amount wasted and reason for wastage
    - Claim information verifying units administered and units discarded (JW modifier)
  - **Required billing procedures:** When submitting claims for discarded drug amounts, use modifier JW on a separate line detailing the discarded amount.
- **Not eligible for reimbursement**
  Drug wastage is not eligible for reimbursement for medication vials labeled as multi-dose or multi-use (these vials contain more than one dose of medication and typically include an antimicrobial preservative to help prevent the growth of bacteria).

Claim adjudication and member cost share

AZ Blue uses a pharmacy benefit manager (PBM) to adjudicate pharmacy benefits and claims. The amount of the member's cost share will depend on the member's benefits and the medication tier (for multi-tier benefits) at the time the medication is filled and billed by the pharmacy. The medication's assigned tier may change at any time, without notice, which can result in higher or lower cost-share amounts. Notification is given to members affected by changes that result in a higher cost share.

Designated Prescription Network Program

This AZ Blue program is designed to offer increased oversight of usage and access for certain drugs. It requires some members (as determined by AZ Blue or the PBM) taking certain covered medications to obtain prescriptions for those medications from one designated eligible provider and to have those prescriptions filled from one designated pharmacy or provider.

- Both members and providers are informed of the member's required participation in the program through prior authorization approval letters.
- AZ Blue or the PBM specifies which pharmacies or providers are eligible to dispense the medications to members in the program. This information is also communicated through prior authorization approval letters.
- Benefit-specific exclusions apply to designated medications when prescribed by an ineligible provider or dispensed by an unapproved pharmacy or provider. The prior authorization process will identify those exclusions.

Diabetic equipment and supplies

Most benefit plans cover the following diabetic equipment and supplies:

- Test strips for glucose monitors
- Visual reading and urine testing strips
- Syringes, pen needles, and lancets

Exceptions[1]

For benefit plans with open formularies, we do not make exceptions concerning the tier to which a medication is assigned, or the copay or coinsurance that will apply, regardless of the medical reasons requiring use of a particular medication. For closed formulary plans, a request can be made for an exception to allow coverage for a non-formulary medication.

Injectable medications

- Injectable and oral medications that can be self-administered may require prior authorization and are billed under *pharmacy* benefits.
- Injectable medications that must be administered by a healthcare professional may require prior authorization and are billed under *medical* benefits.
- When the administered dose of an injectable medication is *more* than the HCPCS billing unit description, the units billed must correspond with the *smallest* dose available from the manufacturer that would provide the medically appropriate dose for the individual patient.

[1] For more information or to confirm the member's plan type, go to azblue.com/pharmacy or contact AZ Blue pharmacy customer service at 1-866-325-1794.

When prescribing or providing injectable medications for a member, it is important to know the member's specific coverage for that medication. Information regarding injectables is available on the AZ Blue website at azblue.com/pharmacy by selecting the applicable option according to plan type or employer group. Or call 1-866-325-1794 to verify benefits.

Limited medical benefit coverage

Some AZ Blue benefit plans for large (100+) groups exclude coverage for prescription medications because these large groups "carve out" this benefit. Generally, these groups have a prescription benefit manager other than AZ Blue or AZ Blue's contracted PBM.

Mail order

Most benefit plans have an in-network benefit for mail-order medications. Members must use the specific network mail-order provider to receive this benefit. Compound prescriptions are not available through the mail-order provider.

Medication lists

The presence of a medication on any AZ Blue or PBM drug list or formulary does not guarantee coverage of that medication for a particular member. Benefit plan limitations and exclusions and other factors will determine if coverage is available. The assignment of a medication to any particular tier does not constitute a recommendation regarding the use of a medication.

Pharmacy coverage guidelines

These are pharmaceutical and administrative criteria developed by AZ Blue or its PBM, based on review of published peer-reviewed medical and pharmaceutical literature, and other relevant information. AZ Blue and the PBM use the guidelines to help determine whether a medication or other products such as medical devices or supplies are eligible for coverage under a member's retail, mail-order or specialty benefit. For current pharmacy coverage guidelines go to azblue.com/pharmacy, select the plan type and access coverage guidelines under Additional Resources.

Note: Certain large groups may carve out or customize pharmacy coverage guidelines. Call the pharmacy benefits customer service number on the back of the member's ID card.

Pharmacy network

AZ Blue contracts with a PBM to provide a network of pharmacies for AZ Blue members. Some plans require members to use an in-network pharmacy to receive coverage for medications.

Preferred biosimilar requirements

We require the use of preferred biosimilars(s) before a non-preferred option will be covered. A biosimilar is a biologic medication that has been evaluated by the FDA and approved after it has been proven to be almost identical to the original reference biologic.

There are no substantive clinical differences in terms of safety and efficacy, and only minor differences are allowed in the inactive components. You can find the Biosimilar Step Therapy guidelines at azblue.com/pharmacy. Select the plan type and look under "Additional Resources > Pharmacy Coverage Guidelines."

Prescription vitamins

Some benefit plans may include coverage for oral prenatal vitamins and prescription-strength vitamin K and vitamin D when a prescription is written by a physician. Be sure to check plan-specific coverage information. Additional vitamins may be covered under the preventive medication benefit – see below for more information.

Preventive medications

Non-grandfathered benefit plans are required to cover certain preventive medications with no out-of-pocket costs for the member if the medication is obtained from an in-network pharmacy. Grandfathered plans may cover certain preventive medications, but member cost share generally applies. Information on preventive medications can be obtained online at azblue.com/pharmacy by selecting the applicable option by plan name or group number. Or call 1-866-325-1794 to verify benefits.

Rebates

AZ Blue may receive rebate payments on certain pharmaceutical products used by AZ Blue members. These rebates are not reimbursable to members or providers.

Separate deductible information

In addition to the medical plan deductible, some plans have separate deductibles for retail and mail-order pharmacy coverage. Amounts paid toward the retail and mail-order pharmacy deductible do not typically count toward the medical plan deductible.

Vaccinations

AZ Blue benefit plans that have a retail pharmacy benefit also provide coverage for certain preventive vaccines with no out-of-pocket costs for eligible members when the vaccine is administered by a certified pharmacist in a retail in-network pharmacy setting. A list of covered vaccines can be accessed via azblue.com/pharmacy by selecting the applicable plan type and looking under Additional Resources > Additional Drug Lists. Or call 1-866-325-1794 to verify benefits.

COVID-19 vaccinations are covered under the retail pharmacy benefit in accordance with state and federal recommendations.

17.3 GENERIC SUBSTITUTION

Mandatory generics

Many benefit plans incentivize members to use generic medications over brand name medications when generics are available, by imposing higher cost share on the brand name drug. Providers are encouraged to prescribe or permit generics. Exceptions can be made when a medication is approved through step therapy in which the recommended alternative medications have been tried and failed, or when AZ Blue or the PBM requires the use of the brand name medication as the preferred medication. Medications with step-therapy requirements are indicated by the ST acronym in the drug list or formulary.

17.4 DISPENSING LIMITATIONS

Coverage of prescription medications is subject to AZ Blue and PBM limitations including, but not limited to, prior authorization, quantity, age, and refill. **These limitations can change at any time without prior notice.**

The list of prescription medication limitations is available online by going to azblue.com/pharmacy and selecting the plan name or group number displayed on the member's AZ Blue identification card. You will be directed to the applicable formulary and coverage documents, and the corresponding customer service center. Or you may call 1-866-325-1794 to verify member benefits and limitations.

When the proposed medication use will exceed or differ from AZ Blue prescription medication limitations, members or providers can ask AZ Blue or the designated PBM for an exception. To request an exception, fax a request letter with supporting documentation to 602-864-5810. There is no guarantee that a review will result in approval of the requested coverage, quantity, or use.

The fact that a medication is recommended or prescribed by a physician does not make it a benefit. In AZ Blue standard pharmacy plans, prescription medication benefits are subject to all general exclusions in the member's benefit plan, plus any specific limitations and exclusions. Large groups may choose to omit certain standard exclusions in their plan or may add other exclusions.

Most benefit plans have additional benefit exclusions, often for the following reasons:

1. Medications for which the principal ingredient(s) are already available in greater and lesser strengths or combinations, as described in the AZ Blue Excluded Drugs List (available at azblue.com/pharmacy), in addition to all other exclusions in the member's benefit book.

2. Medications which modify the dosage form (tablet, capsule, liquid, suspension, extended release, tamper resistant) of drugs already available in a common dosage form, as described in the AZ Blue Excluded Drugs List, in addition to all other exclusions in the member's benefit book.

For a list of the above specific exclusion details, go to azblue.com/pharmacy, click the appropriate plan type link, then look under "Other Forms and Resources" and click the "Excluded Drugs List" link.

Benefit-specific exclusions

Exclusions are detailed in the member's specific benefit book. Here are some common exclusions that often generate provider questions:

- Medications designed for weight gain or loss, including but not limited to, Xenical® and Meridia®, regardless of the condition for which it is prescribed
- Medications for sexual dysfunction
- Medications packaged with another or multiple other prescription products
- Medications packaged with over-the-counter medications, supplies, medical foods, vitamins, or other excluded products
- Medications to improve or achieve fertility or treat infertility
- Medications used for any cosmetic purpose
- Medications with primary therapeutic ingredients that are sold over the counter in any form, strength, packaging, or name
- Prescription medications dispensed in unit-dose packaging, unless that is the only form in which the medication is available
- Prescription refills for medications that are lost, stolen, spilled, spoiled, or damaged

17.5 SPECIALTY MEDICATION PROGRAM

Specialty pharmacy and home health/home infusion benefits and providers

Unless otherwise restricted by benefit plan provisions[2], AZ Blue or the PBM specifies if a specialty medication will be covered under the member's specialty pharmacy benefit or the medical home health/home infusion benefit. Members must use the designated benefit. See the specialty medication lists at azblue.com/pharmacy for details. For additional clarification, call AZ Blue Prescription Benefits Customer Service at 1-866-325-1794.

For clinical criteria, see our pharmacy coverage guidelines or evidence-based criteria, which can change without notice. Pharmacy coverage guidelines are available at azblue.com/pharmacy. Select the resource page corresponding to the member's plan type.

Specialty pharmacy providers (for specialty medications covered under the prescription benefit):

[2] Some AZ Blue plans may have specialty medication benefits only when obtained through a AZ Blue-contracted specialty pharmacy. Prior to rendering services, verify benefits and network requirements.

- OptumRx Specialty Pharmacy – *exclusively* for specialty medications covered under the member's *prescription* benefit. Call 1-866-618-6741 to establish service. Note: Avella Specialty Pharmacy is now OptumRx Specialty Pharmacy.
- Additional AZ Blue-contracted specialty pharmacies may be used if a medication is not available through the designated specialty pharmacy (such as a limited distribution medication).

Home health/home infusion providers (for specialty medications covered under the medical benefit):

- For OptumRx Specialty Pharmacy (including Avella), call 1-866-618-6741.
- For AZ Blue -contracted specialty pharmacy and home health and home infusion providers, use the **Find a Doctor** Provider Directory at azblue.com/directory.

Specialty infusion medications with site-of-service requirements

Certain specialty infusion drugs require a medical necessity review that includes site-of-service criteria.

- Our preferred sites of service for administering these drugs are the non-hospital outpatient alternatives (the patient's home, a free-standing infusion center, or a physician's office).
- Only in cases where a higher level of care is medically necessary will the service be covered in an outpatient hospital setting.

For specific site-of-service requirements for these infusion drugs, use the AZ Blue proprietary medical policy search tool.

Benefit-specific exclusions

- The specialty medication benefit has specific exclusions in addition to general exclusions, applicable to all benefits. Generally, specialty medications are subject to the same exclusions as medications available through retail and mail-order pharmacies. (See sample list of benefit-specific exclusions on page 24-4.)
- The specialty medication benefit is in-network only. Medications obtained from a pharmacy not contracted with AZ Blue as a specialty pharmacy are not covered. Exceptions may be made in emergency situations.

Specialty pharmacy and home health/home infusion benefits and providers

Unless otherwise restricted by benefit plan provisions[3], AZ Blue or the PBM specifies if a specialty medication will be covered under the member's specialty pharmacy benefit or the medical home

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health/home infusion benefit. Members must use the designated benefit. See the specialty medication lists at azblue.com/pharmacy for details. For additional clarification, call AZ Blue Prescription Benefits Customer Service at 1-866-325-1794.

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17.6 PHARMACY AUTHORIZATIONS

Prior authorization is required for certain medications. The lists of medications that require prior authorization for AZ Blue fully insured individual and group plans are available online at azblue.com/pharmacy. For most benefit plans, there are separate prior authorization requirements lists for medications obtained through the retail/mail-order pharmacy benefit, the specialty medication benefit, and the home health benefit.

- AZ Blue partners with Cover My Meds® and Surescripts® for electronic prior authorization of medications covered under pharmacy benefits. You can request prior authorization through these vendors for benefit plans that use AZ Blue pharmacy benefits.
- Other options for requesting prior authorization are available at azblue.com/pharmacy and also via the AZ Blue provider portal (in the Practice Management menu under Prior Authorization). Or call 1-866-325-1794. There is no coverage if required prior authorization is not obtained.
- **eviCore** provides prior authorization on our behalf (for most AZ Blue benefit plans and AZ Blue Medicare Advantage plans) for certain medical oncology and other specialty drugs (for non-inpatient care) that must be administered by a healthcare provider and are covered under medical benefits. More information is available on our provider resource page at evicore.com/healthplan/azblue. Use the eviCore online tool to request or view status of prior authorization requests.

The list of specific medications that require prior authorization can change at any time without prior notice.

If prior authorization is required, but the member must obtain the covered medication outside of AZ Blue's prior authorization business hours, the member may be required to pay for the medication at the time it is dispensed. The member may then file a claim with AZ Blue for reimbursement. The claim will not be denied for lack of prior authorization, but all other exclusions and limitations of the member's benefit plan will still apply.