

## **IF4: MEDICATIONS NOT COVERED BY THIRD-PARTY PAYERS, FORMULARY APPROVAL AND THERAPEUTIC SUBSTITUTIONS UPON APPROVAL BY THE PHYSICIAN**

### **Policy**

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When a non-covered (non-formulary) medication is ordered for a resident eligible for medication-related benefits under Medicaid, Medicare, or other third-party payer programs, the provider pharmacy attempts to have the order changed to a covered (formulary) medication or to have the medication covered under a medical necessity waiver or approved therapeutic interchange program, as state law allows.

### **Procedures**

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- A. When non-covered medications are ordered, the provider pharmacy or licensed nurse consults with the resident's physician to seek a change to a covered item.
- B. If the physician elects not to change the order, and if appropriate, the physician is asked to document medical necessity according to the process set forth by the third-party payer. The pharmacist then attempts to obtain coverage following third-party payer procedures.
- C. If coverage is not available and third-party rules permit, the pharmacy bills the resident or responsible party, or the facility, as allowed by state law and per the facility's pharmacy provider agreement.
- D. Formulary/therapeutic substitution is also available from the pharmacy provider upon approval of the physician, offer clinically appropriate alternatives. (SEE FORMS: FORMULARY – THERAPEUTIC SUBSTITUTION FORM AND PROGRAM)