

**<<More information Billing Medicare/ Medicaid Pharmacy Claims:**

The Michigan Department of Community Health (MDCH) has received a number of inquiries recently concerning a “change in policy” with respect to billing Medicaid for prescriptions for beneficiaries with Medicare as their primary insurance.

**There has been no change in policy.** Medicaid is the payer of last resort, and the provider has the obligation to exhaust other resources before turning to Medicaid for payment, including the prescription benefit on selected drugs currently available through Medicare Part B. The coordination of benefits policy is in the Medicaid Provider Manual available on the MDCH’s website ([www.michigan.gov/mdch](http://www.michigan.gov/mdch)).

Last year, the MDCH discovered several pharmacists were bypassing their obligations under this policy, resulting in Medicaid paying in full for scripts that should have been a Medicare benefit. To prevent these unnecessary expenditures, the MDCH now requires proof of rejection by Medicare (including reasons for rejection) before billing Medicaid. While some pharmacy systems can show print screens or other tentative disposition of such claims, **the final Medicare Explanation of Benefits (EOB) is the only document that has sufficient detailed documentation of non-coverage** to ensure that Medicaid is the payer of last resort for these beneficiaries with both Medicare and Medicaid.

As a reminder, pharmacies that do not participate with Medicare are not allowed to bill Medicaid in full for Medicare/Medicaid beneficiary claims. These beneficiaries should be referred to another pharmacy that does participate with Medicare.

It is unfortunate that requiring the explanation of benefits for claims denied as non-covered by Medicare may place an increased burden on some pharmacists. However, it is imperative that the MDCH ensure that public tax dollars are spent appropriately and Medicaid is the payer of last resort.

Thank you for your understanding in this matter.