

Montana Healthcare Programs

Pharmacy Program – IHS/Tribal 638 Pharmacies

December 16, 2025



DEPARTMENT OF
**PUBLIC HEALTH &
HUMAN SERVICES**

Agenda

1. Overview of Pharmacy Program

2. Non-covered Items or Services

3. Reimbursement

4. Preferred Drug List (PDL)

5. Vaccine Administration

6. Point-of-Sale (POS) and the Benefits



Overview of Pharmacy Program

- The Prescription Drug Program covers pharmaceuticals for members of the various Montana Healthcare Programs.
- The Prescription Drug Program is administered by the Department. The Department does not utilize a Pharmacy Benefits Manager (PBM).
- The Department contracts for services to assist in program administration and management, including:
 - Claims processing
 - Drug use review
 - Prior authorization
 - Acquisition cost pricing, and
 - The preferred drug list



Overview of Pharmacy Program Continued

- Drug coverage is limited to products that are both:
 - FDA approved
 - Where the pharmaceutical manufacturer has signed a rebate agreement with the federal government.
- Federal regulations further allow states to impose restrictions on payment of prescription drugs through prior authorization and preferred drug lists (PDL).
- Currently, there are approximately 441 pharmacies enrolled in Montana Healthcare Programs. This total includes in-state and out-of-state.



Non-Covered Items or Services



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General Exclusions

Drugs are not covered when:

- They are covered under the member's Medicare Part D, unless otherwise specified
- They are provided as free pharmaceutical samples
- They are dispensed out of a cabinet (auto dispensing machine)
- They are supplied by:
 - Manufacturers who have not entered into a federal drug rebate agreement
 - Other public agencies, such as local health departments



Excluded Prescribing Purposes

Drugs or services prescribed for the following purposes are not covered:

- Promote fertility
- Erectile dysfunction
- Weight reduction
- Cosmetic purposes or hair growth
- Indications deemed not medically necessary, as determined by:
 - Federal guidelines
 - The Department's Drug Use Review (DUR) Board
 - The Department's medical and pharmacy consultants



Excluded Settings

Drugs or services provided as part of, or incident to, and in the same setting as the following are not covered:

- Inpatient hospitals
- Hospice services
- Emergency room services
- Ambulance stock/services
- Laboratory or x-ray services
- Renal dialysis
- Incarceration



Excluded Drug Classifications

Drugs are not covered when they:

- Are experimental or investigational
- Have unproven efficacy or safety
- Are designated less-than-effective (DESI)
- Are identical, similar or related to DESI drugs.



Reimbursement



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Pharmacy Reimbursement Components

IHS/Tribal 638 pharmacies receive reimbursement through three components:

1. Professional Dispensing Fee

- IHS/Tribal 638 pharmacies receive the highest allowed dispensing fee.
- **Current rate:** \$17.52. This amount could change annually.

2. Drug Reimbursement

- Reimbursement is the lower of:
 - The provider's usual and customary charge of the drug to the general public; or
 - The allowed ingredient cost plus a professional dispensing fee.

3. Encounter Reimbursement

- Pharmacies receive an encounter payment at the current all-inclusive rate.
- **Limit:** One encounter, per member, per day.
- Payment for the encounter is calculated by the Department every month and not through a claim submittal process.



Drug Reimbursement Calculation

Calculation of the allowed ingredient cost is determined using a hierarchical approach based on drug pricing data.

- If Average Acquisition Cost (AAC) is available:
 - Drug Reimbursement is the lower of:
 - AAC
 - Submitted Ingredient cost
- If an AAC rate is not available:
 - Drug reimbursement is determined at the lower of:
 - Wholesale Acquisition Cost (WAC)
 - Affordable Care Act Federal Upper Limit (ACA FUL); or
 - Submitted ingredient cost



Preferred Drug List (PDL)



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Preferred Drug List

- The Department uses this program to provide clinically effective and safe drugs to its members at the best available price.
- The PDL addresses medication classes and provides a selection of therapeutically effective products.
- The Department, through its Formulary Committee (also referred to as the DUR Board), designates preferred drugs based primarily on clinical efficacy. Non-preferred drugs will require prior authorization.
 - The DUR Board, consisting of 5 pharmacists, 5 physicians, and 1 public representative, reviews and approves such criteria.
- The Department updates the PDL annually and periodically, as new drugs and information become available.



Preferred Drug List (PDL) and IHS/Tribal Pharmacies

- IHS/Tribal 638 pharmacies are exempt from following the Preferred Drug List (PDL) except when the drug prescribed requires clinical criteria (i.e. Suboxone, Hepatitis C Treatment, Inhaled Antibiotics).
 - For additional information on which classes require clinical criteria, you can access the PDL at <https://medicaidprovider.mt.gov/19>
 - Clinical criteria can be viewed by visiting <https://www.mpqhf.org/corporate/montanans-with-medicaid/pharmacy/>.
- When a tribal member is filling a prescription at a non-IHS pharmacy, all PDL restrictions apply.



Vaccine Administration



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Vaccine Eligibility & Administration Fees

- When vaccines are administered by pharmacists, coverage is determined by the member's age and the eligibility program they are enrolled in.
 - The vaccine and administration are:
 - Covered For:
 - Medicaid and Medicaid expansion members aged 19 and older
 - Members enrolled under the Montana Healthy Kids / Children's Health Insurance Program (HMK/CHIP)
 - Not Covered For:
 - Medicaid or Medicaid expansion members aged 18 and younger as these members are eligible under the Vaccines for Children (VFC) program.
- Montana Healthcare Programs reimburses pharmacies a vaccine administration fee in lieu of the dispensing fee.
 - Vaccine administration for the first vaccine is \$21.32, and \$16.04 for each additional vaccine given on the same day.
 - These fees can change annually.



NCPDP Claim Submission

To ensure accurate reimbursement of the vaccine administration fee instead of the dispensing fee, pharmacies must use the following NCPDP fields when submitting claims: including no dispensing fee.

Field	Field Name	Input
439-E4	Reason for Service Code	AD (Additional Drug Needed)
438-E3	Incentive Amount Submitted	Submit your usual and customary vaccine administration fee.
440-E5	Professional Service Code	MA (Medication Administration)



Point-of-Sale (POS) and the Benefits



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Point-of-Sale Billing

- The POS system reviews any new incoming claim against claim history to ensure safe and accurate dispensing occurs (i.e. early refill, therapeutic duplication, etc.).
- Claims are done in real time and are reviewed in seconds and sent back to the pharmacy with clinical information, coverage information, prior authorization requirements, and payment information.
 - Payer Sheet Information can be found on our provider webpage at <https://medicaidprovider.mt.gov/19>.
- Montana Healthcare Programs currently utilizes NCPDP Standard Version D.Ø.
 - This is subject to change within the next few years. POS systems will need to be updated to accommodate the changes outlined in the updated standard version.



Point-of-Sale Billing Benefits

- By utilizing POS billing, claims are processed at the time of transaction, improving outcomes, such as:
 - Real-time adjudication information
 - Eligibility status of the member
 - Adverse drug interactions
 - Clinical overuse
 - Duplicate therapy
 - Medication status
 - Covered
 - Not Covered – May need prior authorization to be covered
- POS billing also provides opportunities for pharmacies to receive payments from other resources, if contracted, such as Blue Cross Blue Shield of Montana, Medicare Part D, Express Scripts, etc.



Key Contacts



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Key Department Pharmacy Team Contacts

Montana Healthcare Program Staff Contact Information

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Affiliate Contacts

Montana Healthcare Programs Affiliate Contact Information	
Name/Title	Phone
Pharmacy Unlock and Eligibility Questions, Conduent	(800) 624-3958
Member Helpline, Conduent	(800) 362-8312
Drug Prior Authorization Unit, Mountain Pacific	(800) 395-7961
Pharmacy POS Helpdesk, Conduent	(800) 365-4944



Questions



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