

Dispense as Written (DAW), Brand Medically Necessary (BMN), and Reimbursement – Frequently Asked Questions (FAQs)

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The following Frequently Asked Questions (FAQs) document provides additional guidance and clarification regarding dispense as written (DAW) codes, reimbursement, and Brand Medically Necessary (BMN) and Reimbursement Below Cost prior authorization (PA) requests for Medi-Cal Rx.

Reimbursement Rates

1. How are pharmacy claims reimbursed under fee-for-service Medi-Cal Rx?

The fee-for-service Medi-Cal Rx pharmacy reimbursement is the lowest one of the following:

- The National Average Drug Acquisition Cost (NADAC) or the Wholesale Acquisition Cost (WAC) + 0 percent when NADAC is not available, plus a pharmacy-specific professional dispensing fee (PDF) of either \$10.05 or \$13.20, or
- The Federal Upper Limit (FUL) plus a pharmacy-specific PDF of either \$10.05 or \$13.20, or
- The Maximum Allowable Ingredient Cost (MAIC) plus a pharmacy-specific PDF of either \$10.05 or \$13.20, or
- The Usual and Customary (U&C) charge to the general public (this is the gross amount due).

2. Who sets National Average Drug Acquisition Cost (NADAC) and Federal Upper Limit (FUL) rates?

The federal NADAC and FUL pricing are established by the Centers for Medicare & Medicaid Services (CMS).

- FUL prices can be accessed on the CMS website.
 - For questions about the FUL program or data, email FUL@cms.hhs.gov.
- NADAC prices can be accessed on the CMS website.
 - For questions about the NADAC program or data, email info@mslcrps.com.
 - Access the [National Average Drug Acquisition Cost \(NADAC\) Request for Medicaid Reimbursement Review](#) form.

3. How can a provider submit a request for a National Average Drug Acquisition Cost (NADAC), Federal Upper Limit (FUL), or Wholesale Acquisition Cost (WAC) rate review?

The federal NADAC and FUL pricing are established by the Centers for Medicare & Medicaid Services (CMS).

- FUL prices can be accessed on the CMS website.
 - For questions about the FUL program or data, email FUL@cms.hhs.gov.
- NADAC prices can be accessed on the CMS website.
 - For questions about the NADAC program or data, email info@mslcrps.com.

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- Access the [National Average Drug Acquisition Cost \(NADAC\) Request for Medicaid Reimbursement Review](#) form.
- Fax or email the completed form along with your purchase record or invoice supporting acquisition cost and alternate NDC information to the Myers and Stauffer NADAC Help Desk:
 - Fax: 844-860-0236
 - Email: info@mslcrps.com
- WAC is determined by the manufacturer. The rate does not include prompt pay, rebates, or discounts.
 - Questions about the WAC program or data can be found on the manufacturer's website.

4. Who sets Maximum Allowable Ingredient Cost (MAIC) rates?

The California Department of Health Care Services (DHCS) has contracted with Mercer Government Human Services Consulting (Mercer [part of Mercer Health and Benefits LLC]), to establish and maintain a MAIC program for generic drugs.

MAIC rates can be accessed on the [MercerRx Passage](#) website.

5. How can a provider submit a request for a Maximum Allowable Ingredient Cost (MAIC) rate review?

Providers may request a review of a MAIC rate for a specific drug by submitting the following rate review request form. All inquiries regarding general provider reimbursement should be submitted to Medi-Cal Rx. Instructions can be found on the [Medi-Cal Rx Maximum Allowable Ingredient Cost \(MAIC\) Price Research Request Form](#).

6. How can a provider submit general questions or issues for pharmacy claim reimbursement to Medi-Cal Rx ?

Providers may contact the Medi-Cal Rx Customer Service Center (CSC) at 1-800-977-2273, which is available 24 hours a day, 7 days a week, 365 days per year. In addition, providers may submit a [Provider Claim Inquiry Form \(CIF\)](#). Refer to the *Medi-Cal Rx Provider Claim Inquiry Form (CIF) (DHCS 6570)* section in the [Medi-Cal Rx Provider Manual](#) for additional information.

Drug Price Override Prior Authorization Requests

7. What is a Drug Price Override prior authorization (PA) request, and when should a provider submit one?

Reimbursement below cost occurs when a pharmacy or other billing provider believes that the reimbursement paid by Medi-Cal Rx is less than the price paid to acquire the medication. In these situations, a provider can submit a Drug Price Override PA request. Refer to the **NCPDP Field 522 – FM Basis of Reimbursement Determination** in the [NCPDP Payer Specification Sheet](#) to understand what price was used for reimbursement.

Drug Price Override PA requests cannot be accepted for claims reimbursed at National Average Drug Acquisition Cost (NADAC) or at Wholesale Acquisition Cost (WAC). Refer to the *Reimbursement* section of the [Medi-Cal Rx Provider Manual](#) for additional information.

8. What information should be included on a Drug Price Override prior authorization (PA) request?

The Drug Price Override PA request must clearly state the request is for a “Drug Price Override” and a current invoice with acquisition costs is required.

9. How can a pharmacy provider submit a Drug Price Override prior authorization (PA) request?

Pharmacies may submit Drug Price Override PA requests, also known as Reimbursement Below Cost PA requests, via the [Medi-Cal Rx Secured Provider Portal](#), NCPDP P4 transaction, fax, or U.S. Mail. Refer to the alert titled [Drug Price Override Billing and PA Instructions](#) for additional information.

Dispense as Written Codes

10. When are dispense as written (DAW) codes used?

DAW codes are used by prescribers or pharmacies to indicate when a substitution is, or is not, permissible for the prescribed drug/product.

11. What are the dispense as written (DAW) codes and what do they mean?

- DAW 0 – No Product Selection Indicated
- DAW 1 – Substitution Not Allowed by Prescriber
- DAW 2 – Substitution Allowed – Patient Requested Product Dispensed
- DAW 3 – Substitution Allowed – Pharmacist Selected Product Dispensed
- DAW 4 – Substitution Allowed – Generic Drug Not in Stock
- DAW 5 – Substitution Allowed – Brand Drug Dispensed as a Generic
- DAW 6 – Override
- DAW 7 – Substitution Not Allowed – Brand Drug Mandated by Law
- DAW 8 – Substitution Allowed – Generic Drug Not Available in Marketplace
- DAW 9 – Substitution Allowed by Prescriber but Plan Requests Brand

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12. Which dispense as written (DAW) codes submitted on a pharmacy claim may be considered for Medi-Cal Rx claim adjudication?

Currently, only DAW 1 is considered during Medi-Cal Rx claim adjudication. All other DAW codes submitted by a pharmacy are not considered during claim adjudication.

13. When can a dispense as written (DAW) code of DAW 1 be submitted on a pharmacy claim?

DAW 1 may be submitted on a pharmacy claim when the prescriber writes a prescription stating the pharmacist must dispense as written (that is, drug substitution is not allowed by the prescriber).

14. When a claim is submitted with a dispense as written (DAW) code of DAW 1 for a brand, multisource drug/product, what reject code will be sent through the point of sale (POS)?

For dates of service (DOS) January 1, 2022, or thereafter, the pharmacy claim submitted for a brand, multisource drug/product may deny for **Reject Code 75 – Prior Authorization Required** with the supplemental message *“Brand Medically Necessary PA required. If brand is not required, please use available generic.”*

A pharmacy claim submitted for a brand single-source drug/product will not deny with the supplemental message as mentioned above.

15. Will a dispense as written (DAW) code of DAW 1 submitted on a claim for a generic drug reject?

Claims submitted for a generic drug with DAW 1 will not reject for **Reject Code 75 – Prior Authorization Required**. However, the pharmacy claim may deny for other reject codes to reflect other coverage restrictions.

16. Will a claim submitted with dispense as written (DAW) code of DAW 0, 2-9 for a brand name drug reject?

DAW 0, 2-9 are not considered during claim adjudication. The pharmacy claim will not deny for **Reject Code 75 – Prior Authorization Required**.

The pharmacy claim, however, may deny for other reject codes to reflect other coverage restrictions.

Brand Medically Necessary Prior Authorization Requests

17. What is a Brand Medically Necessary (BMN) prior authorization (PA) request?

A BMN PA request is a PA request that is submitted by a provider when a prescriber identifies dispensing of the brand name drug is medically necessary as compared to dispensing the generic drug for the member.

18. When should the pharmacy provider consider submitting a Brand Medically Necessary (BMN) prior authorization (PA) request?

A BMN PA request should be submitted if the claim has denied for **Reject Code 75 – Prior Authorization Required** with the supplemental message *“Brand Medically Necessary PA required. If Brand is not required, please use available generic.”*

19. How can a pharmacy provider submit a Brand Medically Necessary (BMN) prior authorization (PA) request?

BMN PA requests can be submitted via the [Medi-Cal Rx Secured Provider Portal](#), NCPDP P4 transaction, fax, or U.S. Mail.

Note: Pharmacy providers may initiate a BMN PA request via CoverMyMeds®, but a pharmacy provider cannot submit the request.

20. When should the prescriber consider submitting a Brand Medically Necessary (BMN) prior authorization (PA) request?

A BMN PA request should be submitted when the prescriber determines the member will require dispensing of a brand, multisource drug and writes a prescription with a dispense as written (DAW) code of DAW 1.

21. How can a prescriber submit a Brand Medically Necessary (BMN) prior authorization (PA) request?

BMN PA requests can be submitted via CoverMyMeds®, Medi-Cal Rx Provider Portal, fax, or U.S. Mail.

22. What information must be included on a Brand Medically Necessary (BMN) prior authorization (PA) request?

- The PA request must clearly state that the request is for a “Brand Medically Necessary PA.”
- Drug brand name.
- Pharmaceutical’s NDC (recommended).
- Dispense as written (DAW) code of DAW 1, or remarks that generic substitution is not permissible.
- Supporting information to justify dispensing for the brand name drug is medically necessary.

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23. Should a Brand Medically Necessary (BMN) prior authorization (PA) request be submitted for a brand name drug with a claim adjudicated with a dispense as written (DAW) code of DAW 2-9?

No, BMN PA requests apply to claims adjudicated with a DAW 1 only.

24. For a pharmacy claim submitted with a dispense as written (DAW) code of DAW 1 where a Brand Medically Necessary (BMN) prior authorization (PA) request has been approved for medical necessity, is a separate Drug Price Override PA request required?

No, a separate Drug Price Override PA request is not required.

25. Under what circumstances is a Brand Medically Necessary (BMN) prior authorization (PA) request or a Drug Price Override PA request not an appropriate request for medical necessity or a reimbursement change?

Under no circumstances is a BMN PA request or a Drug Price Override PA request appropriate for drugs/products for which the brand name manufacturer is expressly noted as the contracted product on the *Medi-Cal Rx Contract Drugs List* or other covered product lists on the [Contract Drugs & Covered Products Lists](#) page of the Medi-Cal Rx Web Portal.

DAW 1 Brand Name Drug Reimbursement

26. If a pharmacy claim is submitted with a dispense as written (DAW) code of DAW 1 for a brand, single-source drug, how will the pharmacy claim be reimbursed?

Effective for dates of service (DOS) on or after January 1, 2022, the pharmacy claim is reimbursable based on the fee-for-service Medi-Cal Rx pharmacy reimbursement policy which is the lowest one of the following:

- The National Average Drug Acquisition Cost (NADAC) or the Wholesale Acquisition Cost (WAC) + 0 percent when NADAC is not available, plus a pharmacy-specific professional dispensing fee (PDF) of either \$10.05 or \$13.20, or
- The Federal Upper Limit (FUL) plus a pharmacy-specific PDF of either \$10.05 or \$13.20, or
- The Maximum Allowable Ingredient Cost (MAIC) plus a pharmacy-specific PDF of either \$10.05 or \$13.20, or
- The Usual and Customary (U&C) charge to the general public (this is the gross amount due).

27. If a claim is submitted with a dispense as written (DAW) code of DAW 1 for a manufacturer labeler restricted brand name drug listed on the Medi-Cal Rx Contract Drugs List (CDL), how will the pharmacy claim be reimbursed?

Effective for dates of service (DOS) on or after January 1, 2022, the pharmacy claim is reimbursable based on the fee-for-service Medi-Cal Rx pharmacy reimbursement policy which is the lowest one of the following:

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- The National Average Drug Acquisition Cost (NADAC) or the Wholesale Acquisition Cost (WAC) + 0 percent when NADAC is not available, plus a pharmacy-specific professional dispensing fee (PDF) of either \$10.05 or \$13.20, or
- The Federal Upper Limit (FUL) plus a pharmacy-specific PDF of either \$10.05 or \$13.20, or
- The Maximum Allowable Ingredient Cost (MAIC) plus a pharmacy-specific PDF of either \$10.05 or \$13.20, or
- The Usual and Customary (U&C) charge to the general public (this is the gross amount due).

28. Under what circumstances will a pharmacy claim submitted with a dispense as written (DAW) code of DAW 1 for a brand name drug with available generic equivalent reject at pharmacy point of sale (POS)?

A pharmacy claim will reject at pharmacy POS if prior authorization (PA) request history for the same brand name drug is not available.

29. How will the pharmacy claim be reimbursed for a brand name drug with an approved Brand Medically Necessary (BMN) prior authorization (PA) request and the claim is submitted with dispense as written (DAW) code of DAW?

Effective for dates of service (DOS) on or after January 1, 2022, the pharmacy claim is reimbursable based on the fee-for-service Medi-Cal Rx pharmacy reimbursement policy, which is the lowest one of the following:

- The National Average Drug Acquisition Cost (NADAC) or the Wholesale Acquisition Cost (WAC) + 0 percent when NADAC is not available, plus a pharmacy-specific professional dispensing fee (PDF) of either \$10.05 or \$13.20, or
- The Federal Upper Limit (FUL) plus a pharmacy-specific PDF of either \$10.05 or \$13.20, or
- The Maximum Allowable Ingredient Cost (MAIC) plus a pharmacy-specific PDF of either \$10.05 or \$13.20, or
- The Usual and Customary (U&C) charge to the general public (this is the gross amount due).

Other DAW Codes Reimbursement

30. What reject code will be sent through the point of sale (POS) when a claim is submitted with a dispense as written (DAW) code of DAW 0, 2-9 for a brand, single-source drug or a generic drug?

DAW 0, 2-9 are not considered during claim adjudication. Claims will adjudicate, rejecting according to Medi-Cal Rx Code I and prior authorization (PA) request requirements, and other claim edits when appropriate. Refer to the Revision History table in the [Medi-Cal Rx Contract Drugs List](#) on the [Contract Drugs & Covered Products Lists](#) page of the Medi-Cal Rx Web Portal to determine active or removed labeler restrictions.

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31. How will the pharmacy claim be reimbursed when a claim is submitted with a dispense as written (DAW) code of DAW 0, 2-9 for a brand name drug not expressly labeler restricted on the Medi-Cal Rx Contract Drugs List (CDL) where generic equivalents are available?

Effective for dates of service on (DOS) or after January 1, 2022, the pharmacy claim is reimbursable based on the fee-for-service Medi-Cal Rx pharmacy reimbursement policy, which is the lowest of the following:

- National Average Drug Acquisition Cost (NADAC) or the Wholesale Acquisition Cost (WAC) + 0 percent when NADAC is not available, plus a pharmacy-specific professional dispensing fee (PDF) of \$10.05 or \$13.20, or
- Federal Upper Limit (FUL) plus a pharmacy-specific PDF of \$10.05 or \$13.20, or
- Maximum Allowable Ingredient Cost (MAIC) plus a pharmacy-specific PDF of \$10.05 or \$13.20, or
- Usual and Customary (U&C) charge to the general public (this is the gross amount due).