ALABAMA DEPARTMENT OF INDUSTRIAL RELATIONS
ADMINISTRATIVE CODE

RULE

Division: Workers' Compensation
Chapter: Utilization Management and Bill Screening

480-5-5-.21 **PRESCRIBED MEDICATIONS**.

(1) **Prescribed Medication Services**

(a) "Medicinal drugs" or "drugs" shall be defined as "legend" or "prescription" drugs that may only be dispensed when prescribed by a currently licensed provider authorized by law to prescribe drugs.

(b) "Medicines" shall be defined as drugs prescribed by an authorized health care provider and include generic drugs or single-source patented (brand name) drugs for which there is no generic equivalent.

(c) Whenever medically appropriate, a pharmaceutically and therapeutically equivalent drug product may be selected by a physician or other authorized practitioner in accordance with the requirements of Code of Alabama, 1975, §34-23-8.

(d) Reimbursement

1. Reimbursement to the provider shall not exceed the amount calculated by the pharmaceutical reimbursement formula for prescribed drugs as specified in the Maximum Fee Schedule for Pharmaceutics.

2. The provider shall bill for prescription drugs or "medicines" on the appropriate form as stated in Rule 480-5-5-.22.

(e) **Reimbursement Formula/Methodology**

1. The pharmaceutical reimbursement formula for prescribed drugs is contained in the Maximum Fee Schedule for Pharmaceutics.

(i) Average Wholesale Price (AWP) shall be determined from the most recent issue, including updates, of Drug Topics Red Book, Prescription Pricing Guide, American Druggist Blue Book or similar pharmaceutical publications.

(ii) The reimbursement amount shall be determined by multiplying the AWP by the percent factor as published in the Maximum Fee Schedule for Pharmaceutics and adding

the dispensing fee.

(2) "Patent" or "Proprietary Preparations"

(a) Billing

1. Pharmacists shall bill and be reimbursed their usual and customary charge for any "over-the-counter drug."

2. The reimbursement formula shall not apply to "over-the-counter drugs" and no dispensing fee shall be reimbursed.

3. The following data shall appear on the billing form:

(i) Employee's Name;
(ii) Employee's Address;
(iii) Employee's Social Security Number;
(iv) Date Prescription was Filled;
(v) Prescription Number;
(vi) National Drug Code;
(vii) Drug Name;
(viii) Drug Quantity;
(ix) Total Charge;
(x) Employee's or Pharmacist's Signature; and
(xi) Provider's Name and Address.

Author: Workers' Compensation Division
Statutory Authority: Code of Alabama, 1975, §25-5-293
History: Effective September 12, 1996