

06/09/2025

Updated Inpatient High-Cost Drug and Biologics Question Log Available (Week of June 9)

Background:

While Medicaid covers drugs and biologics administered in both inpatient and outpatient settings, those administered in an inpatient setting are usually not reimbursed separately to hospitals. Instead, they are bundled into a Diagnosis Related Group (DRG) payment reflecting all average hospital costs associated with providing care for the patient's primary diagnosis and complications. DRG payments exclude separate reimbursement for high-cost drugs or biologics, ranging from hundreds of thousands to upwards of three million dollars per dose.

Key Details:

The MCO Separate Reimbursement of Certain Inpatient HCCADs question log, dated June 9, 2025, is enclosed, and contains all your questions with VDP's responses or pending in the status. Direct additional questions to the addresses below; VDP will include those in future question log updates.

Resources:

2025 0609 - hccad_question_log (attached)

CMS: State Plan Amendment: [medicaid.gov/medicaid/spa/downloads/TX-25-0016.pdf](https://www.medicaid.gov/medicaid/spa/downloads/TX-25-0016.pdf)

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Attachment:

2025 0609 - hccad_question_log.pdf

Type: Informational

To: CHIP; STAR; STAR+PLUS; STARHEALTH; STAR_KIDS

From: VDP

**Separate Reimbursement of Certain Inpatient High-Cost Drug and Biologics (HCCADs)
Question and Response Log**

| Date | Question | VDP Response/Information for MCOs |
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| 3/6/2025 | Some of the drugs do not currently have a reimbursement rate on the fee schedule. When can we expect those updates? | For the non-risk CADs that do not have a reimbursement rate on the fee schedule, we will follow our current process of issuing a MCO notice providing that information. |
| 3/10/2025 | Will this change be effective retroactively? | No, the requirement to bill the HCCAD on an outpatient claim is not retroactive. |
| 3/11/2025 | The MCO notice specifies MCOs must be ready to go live on 6/2/25, but we request clarification on the effective date. Is the effective date the date of the IP admission, or as of the specific date of the drug administration? (i.e. would this be effective if admission date is 5/31/2025, but drug is administered on 6/3/2025) | The June 2, 2025, go live date is specific to the billing process. The drugs on the HCCADs list are already a covered benefit. The date of administration of the drug should be used on the HCCAD outpatient claim. |
| 3/11/2025 | When will HCPCS/NDC crosswalks be published? We will need this for identification of appropriate codes to evaluate the acquisition cost versus the rate that is published for the drug. | Please see the NDC - to - HCPCS crosswalk on the VDP website for the appropriate codes for the drugs on the HCCADs list. Search: https://www.txvendordrug.com/formulary/formulary-search Data Files: https://www.txvendordrug.com/resources/data-files |
| 3/11/2025 | When there is Coordination of Benefits- the other insurance carrier/primary may not reimburse the drug separately from the IP APR-DRG reimbursement, what is the expectation of how MCOs should coordinate benefits if the MCO coverage is secondary to another carrier? Note that the primary will likely pay within the DRG so there wouldn't be a reimbursement amount for the drug separate on the primary payer EOP. | When there is other insurance, the MCO is to follow the coordination of benefits requirements as per UMCC 8.2.8. Third Party Liability and Recovery and Coordination of Benefits. Additional guidance, including billing scenarios, can be found in the UMCM Chapter 16.1 Section 16.2.8 Coordination of Coverage with Other Insurances. |
| 3/11/2025 | Will FFS rate be published associated with hospitals, or will physician FS rates for drug be applicable? Most hospitals currently are reimbursed on percentage of billed charges; these drugs aren't on the hospital fee schedule. | The VDP reimburse non-risk HCCADs based on the non-facility rates for all providers. |
| 3/11/2025 | Is the direction to reimburse the hospital at the lessor of FFS rate or the actual acquisition cost from the invoices applied to all hospitals, even if hospital is contractually reimbursed based on OP RCC? | The HCCADs claims processing guidelines will be revised. The state does not mandate provider reimbursement for HCCADs in managed care. The state will reimburse the MCO at the lessor of FFS rate or the actual acquisition cost. |
| 3/11/2025 | Is it a correct assumption that CHIRP does not apply to these HCCAD? | CHIRP does not apply to HCCADs that are reimbursed via a non-risk payment. |

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| 3/11/2025 | Is it a correct assumption that only the drug is billable on the OP claim and any other related charges (i.e. administration, supplies, etc.) must remain included on the IP claim? | Correct, providers are to carve out these drug(s) from the inpatient bundled payment and submit a separate outpatient claim containing only the drug. All other related charges are to remain included in the inpatient bundled claim. |
| 3/11/2025 | If a member changes coverage in the middle of an admission, would the high-cost drug be the responsibility of the MCO at the time of admission (even if the drug is administered after the member's coverage change date) or the responsibility of the MCO effective as of the drug administration date? | Encounters for the HCCAD must be submitted utilizing the date the drug is administered. The MCO that the member is enrolled in on the date the drug is administered is responsible for the HC-CAD. |
| 3/11/2025 | Is it required that the hospital bill for the cost of the drug itself or can the pharmacy bill for the cost of the drug? | The hospital may bill for the drug on the outpatient claim or may utilize specialty pharmacy billing, if available. |
| 3/11/2025 | For OON hospitals, is it expected that the lessor of 100% of FFS or acquisition cost apply? | The HCCADs claims processing guidelines will be revised. The state does not mandate provider reimbursement for HCCADs in managed care. The state will reimburse the MCO at the lessor of FFS rate or the actual acquisition cost. |
| 3/11/2025 | Timeframes for authorization processing need to be established. Technically this is a concurrent review as member is inpatient, however this is an OP authorization request. Authorization processing timelines for prospective vs concurrent reviews are different. DHP proposes the timeframes for authorization processing follow the concurrent review requirements which require the facility to provide all supporting clinical information within 1 business day of request. If prospective review timelines are followed, the Insufficient Information process requirements may delay care. DHP encourages HHSC to emphasize to facilities that all supporting clinical information be submitted upon request to avoid delays. | HHSC declines to mandate prior authorization timelines. MCOs are expected to establish a patient care plan for the member and provide care coordination to ensure all complex needs are met, including prior authorizations required for treatment, as applicable. However, HHSC will emphasize to providers that all supporting documentation should be provided without delay. |
| 3/12/2025 | Will the HCCADs list be publicly posted? | Yes the HCCADs list will be published in the Outpatient Drug Services Handbook within Texas Medicaid Provider Procedures Manual (TMPPM). |
| 3/12/2025 | How often will the HCCADs list be updated? | HCCADs list will be reviewed quarterly and drugs will be added when applicable. |
| 3/12/2025 | Will the HCCADs be designated as HCCADs on the daily non-risk drug file? | Not at this time. If any new drug gets added to HCCADS list, TMPPM HCCADs section will be updated accordingly. |
| 3/12/2025 | The MCO notice states "MCOs must start preparing for the implementation of the HCCADs and be ready to go live on June 2, 2025." Can VDP confirm whether the new claims processing requirements apply to any HCCAD claims received with date-of-service on or after 6/2/2025? | Yes, new claims processing requirements apply to any HCCAD claims received with date-of-service on or after 6/2/2025 |

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| 3/12/2025 | The HCCADs list only includes drug names. Can VDP confirm whether all NDCs and HCPCS codes for the drug name in the most current NDC-to-HCPCS crosswalk can be billed as HCCADs, or will VDP specify which NDCs and HCPCS codes apply? | Only drugs listed in the HCCADs list can be billed separately. The TMPPM section on HCCADS will include the HCPCS and drug name. HCCADs is a subset of non risk drugs that are already a covered outpatient benefit. The HCPCS code and the associated NDCs are available on the NDC-to-HCPCS crosswalk and can be searched on the VDP website. https://www.txvendordrug.com/formulary/formulary-search |
| 3/25/2025 | 1. Hospitals may not be willing to share their acquisition costs for the HCCAD due to confidentiality language with their contracts with distributors. Is the expectation that they must share this sensitive information with MCOs? 2. Will DPP payments have to be applied to the IP claim in addition to the OP claim? | 1. It is the expectation that the provider submits a copy of the invoice of the actual acquisition cost when submitting claims on the outpatient form for separate reimbursement of the HCCADs. 2. Directed Payment Programs may apply to the inpatient claim. However, it does not apply to HCCADs that are billed on an outpatient claim and reimbursed via a non-risk payment. |
| 3/25/2025 | HCPCS codes Q2054 and Q2056 are not found on the physician – administered drug/biological. Shouldn't they be part of this fee schedule? | The Provider Finance Team (PFD) team is working with the vendor to update these codes in the correct static fee schedule. |
| 3/26/2025 | What are the expectations when we are Secondary, will this process be exempt when the MCO is secondary to another payer. | When there is other insurance, the MCO is to follow the coordination of benefits requirements as per UMCC 8.2.8. Third Party Liability and Recovery and Coordination of Benefits. Additional guidance, including billing scenarios, can be found in the UMCM Chapter 16.1 Section 16.2.8 Coordination of Coverage with Other Insurances. |
| 3/26/2025 | Will HHSC be sending a provider notice? | Yes, provider notification is part of our communication plan. |
| 3/26/2025 | For custom contract that have high-cost drug carve outs like Tenet & El Paso, are these requirements excluded from their contract? | The HCCADs requirements apply to all health plans with the exception of the dental plans. |

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| 3/27/2025 | <p>operational question:</p> <p>Timeframes for authorization processing need to be established. Technically this is a concurrent review as member is inpatient, however this is an OP authorization request. Authorization processing timelines for prospective vs concurrent reviews are different.</p> <p>DHP proposes the timeframes for authorization processing follow the concurrent review requirements which require the facility to provide all supporting clinical information within 1 business day of request. If prospective review timelines are followed, the Insufficient Information process requirements may delay care. DHP encourages HHSC to emphasize to facilities that all supporting clinical information be submitted upon request to avoid delays.</p> <p>I would think these are to be considered concurrent reviews to expedite processing while the member is inpatient, and that is the place of service, but want to be sure.</p> | <p>HHSC declines to mandate prior authorization timelines. MCOs are expected to establish a patient care plan for the member and provide care coordination to ensure all complex needs are met, including prior authorizations required for treatment, as applicable. However, HHSC will emphasize to providers that all supporting documentation should be provided without delay.</p> |
| 3/28/2025 | Are the High-Cost Clinician Administered Drugs eligible for Direct Payment Programs (DPP) if the reimbursement is based off FFS rates or are they excluded? | Directed Payment Programs may apply to the inpatient claim. However, it does not apply to HCCADs that are billed on an outpatient claim and reimbursed via a non-risk payment. |
| 3/28/2025 | We would like clarification that reimbursement will be made as a direct payment based on the lesser of: (1) The Texas Medicaid FFS rate, OR (2) the actual acquisition cost, as documented by an invoice. Ex: If the Medicaid rate is \$400k but the hospital's acquisition cost is \$ 450k, the hospital will lose \$50k. Please confirm. | The HCCADs claims processing guidelines will be revised. The state does not mandate provider reimbursement for HCCADs in managed care. Non-risk payments will be limited to the actual amounts MCOs paid to medical providers for the ingredient cost of these drugs up to the non-facility fee-for-service reimbursement amount. |
| 3/28/2025 | Can HHSC provide guidance and/or conditions for setting up an authorization for the drug indicating an inpatient setting? What are the expectations on multiple authorizations and reporting? This is regarding authorization for creating an outpatient authorization for an inpatient service. | HHSC declines to mandate prior authorization timelines. MCOs are expected to establish a patient care plan for the member and provide care coordination to ensure all complex needs are met, including prior authorizations required for treatment, as applicable. However, HHSC will emphasize to providers that all supporting documentation should be provided without delay. |
| 3/31/2025 | Will there be any other HCPCS or is this the final list of codes | HCCADs list will be reviewed quarterly and drugs will be added when applicable. |
| 3/31/2025 | Do we still need an invoice if we're paying the FFS rate? | Yes. copy of the invoice of the actual acquisition cost of the drug is required. Refer to the attachment "Implementation Plan for HCCAD: Claim Processing Requirements" which was posted along with the MCO notice on 03/03/25 for further guidance |
| 3/31/2025 | Does HHSC intend to add other drugs to the list of non-risk drugs, such as Crysvita? | Crysvita is not part of HCCADs at this time. HCCADs list will be reviewed quarterly and drugs will be added when applicable. |

June 9, 2025

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| 4/7/2025 | What if the request for the inpatient admission does not meet the MCOs IP admission requirements? Can we deny the IP admission auth and proceed with reviewing for medical necessity for outpatient administration only or is the expectation that the provider determines which setting they would like to use and MCOs must proceed with authorizing both HCCAD AND IP admission regardless of meeting IP admission criteria? | MCOs should use current IP admission requirements to determine which setting of administration is appropriate. |
| 4/7/2025 | For our current process, if HCCAD is given in the OP setting, we do not currently require an invoice. Are we to request an invoice only if given during an IP admission or are we expected to also ask for an invoice when given in an OP setting? | The MCO must require a copy of the invoice for the drug from providers only if the drug is administered in the IP settings. MCOs may follow their current process in place for OP settings. |
| 4/10/2025 | Can you confirm the following – in addition to the list of drugs being posted, will the policy will be posted within the manual for providers/facilities to see? If yes, will this be published in the June manual? | Yes, the HCCADs list and the policies will be published in the Outpatient Drug Services Handbook within Texas Medicaid Provider Procedures Manual (TMPPM) June publication. |
| 4/10/2025 | If the MCO has an agreement on file with a facility to pay the FFS rate and the invoice is less than FFS, is the MCO required to pay the lesser amount? | The state does not mandate provider reimbursement for HCCADs in managed care. Non-risk payments will be limited to the actual amounts MCOs paid to medical providers for the ingredient cost of these drugs up to the non-facility fee-for-service reimbursement amount. |
| 4/10/2025 | Please advise when the Texas Medicaid Provider Procedures Manual (TMPPM) will be updated to specify the list of HCCADs. | The HCCADs list and the policies will be published in the Outpatient Drug Services Handbook within Texas Medicaid Provider Procedures Manual (TMPPM) June publication. |
| 4/11/2025 | Will there be specific encounter rejections, either warning or critical, related to HCCADs? | No, there are no specific encounter rejections related to HCCADs. HCCADS encounters will come through as a normal outpatient CAD encounter and be subject to the same encounter edits that are done today. |
| 4/17/2025 | Per the HCCAD question log, the HCCAD drug list will be published in the TMPPM. In addition to the drug list being posted, we would like to confirm if the policy/process for provider billing will be outlined/posted within the manual for providers/facilities to see. If so, will this be published in the June manual? | Yes, the HCCADs list and the policies will be published in the Outpatient Drug Services Handbook within Texas Medicaid Provider Procedures Manual (TMPPM) June publication. |
| 4/25/2025 | Can the HCCAD policy be posted on the VDP website? | The HC-CADs information will be included in the TMPPM and the UCM. The VDP website will contain a link directing stakeholders to the TMPPM. |
| 4/28/2025 | Can you confirm that HHSC will reimburse the MCO on a cost settlement basis? In that regard, it would be important for us to obtain evidence of provider's acquisition cost, correct? | HHSC will reimburse the MCO via non-risk payment. MCOs must require the hospital to submit an invoice of the actual acquisition cost for HC-CADs. |
| 4/28/2025 | I understand facility billing should be as an outpatient encounter. However, at this time, is it okay for the facility to use a UB-04 (CMS-1450) form? | The state is not mandating the use of a specific claim form at this time. |

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| 5/9/2025 | For the HCCADs, hospitals are to submit a separate outpatient claim for HCCAD for an inpatient stay, and that they must not be bundled with any other service. Our concern is that submitting claims as OP when the stay was IP is misleading and possibly creates downstream issues/findings with future OIG or ACUR reviews. Can it please be clarified why these need to be billed as outpatient when the place of service is inpatient? Please confirm the appropriate path for documenting the claims. | Providers are to carve out these drugs from the inpatient bundled payment and submit a separate outpatient claim containing only the drug. All other related charges are to remain included in the inpatient bundled claim. HHS will provide information on this change and the SPA to the OIG and ACUR team to limit downstream impacts. |
| 5/23/2025 | Since MCO reimbursement to providers is based on contractual agreements and not mandated by the lesser of language in the Claims Processing Requirement document, providers are likely to refuse to provide the invoice. Will the invoice still be required? If so, will it be required for outpatient administration as well? | The MCO must require a copy of the invoice for the drug from providers only if the drug is administered in the IP settings. MCOs may follow their current process in place for OP settings. |
| 5/29/2025 | why it would be appropriate for the specialty pharmacy to be submitting a claim for HCCADs? It has been our experience that such HCCADs are administered in a hospital setting and that the claim would be submitted by the hospital. We typically only see claims from a Specialty Pharmacy when the drug is delivered to the patient/client's home for self-administration which does not appear applicable to HCCADs given the nature and cost of these drugs. | Not all of the HCCADs have an authorized specialty pharmacy. Whether there is a specialty pharmacy option or not, is at the discretion of the drug manufacturer. There are some drugs where the drug manufacturers have contracted with a specialty pharmacy to dispense the drug. If a hospital chooses not to carry the financial burden and the drug manufacturer has a contracted authorized distributor for that drug, the hospital may send the prescription to that pharmacy, have the pharmacy fill the 'prescription,' and then the medication gets sent to the hospital for administration. In these cases, the specialty pharmacy would bill for the drug (ingredient cost) and the hospital would bill for all other associated services as part of the bundled claim. |
| 6/2/2025 | 1. Skysona was listed by HHSC as one of the drugs for HCCAD. However, the TMHP revised Handbook for June 2025 does not reflect this. Is Skysona supposed to be included in HCCAD as previously announced by HHSC? 2. Teclera is now listed under the TMHP Handbook for HCCAD but was not on the HHSC announcement. Is Teclera now a part of HCCAD? For context, the discrepancy is that the TMPPM section, 7 * Separate Reimbursement of Certain Inpatient HCCADs, which is new to the June TMPPM Outpatient Drug Handbook, does not match the list of drugs in the MCO Notice regarding the new HCCADs policy. The TMPPM section includes Teclera (Teclera is not in the list on the MCO notice). Skysona is not in TMPPM (Skysona is on the HCCAD MCO Notice). | Yes, Skysona is on the HCCADs list. We are working with TMHP to correct the error. Yes, Teclera is a HCCAD. VDP will notify the MCOs about any changes to the HCCADs List via TexConnect. The list is also published in the TMPPM. |

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| 6/3/2025 | Can the State Plan Amendment (SPA) allowing for separate reimbursement of certain High-Cost Clinician Administered Drugs and Biologics when administered in an inpatient setting, be shared with the MCOs. | Yes, the SPA can be found on the CMS website at: www.medicaid.gov/medicaid/spa/downloads/TX-25-0016.pdf |
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