ARKANSAS DEPARTMENT OF HUMAN SERVICES

Division of Medical Services
Medicaid Pharmacy Program
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September 16, 2024

RE: DAW code update

Prescribers and pharmacists,

EFFECTIVE OCTOBER 1, 2024

DAW CODE UPDATE (for pharmacy claims)

It came to our attention that occasionally claims were being forced through for brand name products with a DAW code which resulted in pharmacies getting paid at a generic rate and losing money without their knowledge. To help prevent accidental claim submission with an incorrect DAW code, we will be streamlining the available DAW codes as seen below.

Beginning 10/1/24, only DAW codes 0,1, & 9 will be allowed.

- **DAW Code 0 – No Product Selection Indicated**
  - Allowed for all drugs except for Brand Medically Necessary Medications (DAW Code 1 required) and State Supported Brands (DAW Code 9 required).
  - Please verify when using DAW 0 that the NDC being billed is either a Generic or a Single Source Brand. If DAW code 0 is used and the NDC is not a generic or single source brand, payment will be based on generic pricing.
- **DAW Code 1 – Substitution not allowed by prescriber**
  - Allowed with approved prior authorization
  - Initial reject message prior to PA approval will read "PA Required" and "Prescriber PA Required for Brand Name"
- **DAW Code 2 – Substitution allowed-patient requested product dispensed**
  - Code will no longer be allowed
  - Reject message will read "DAW Code Value Not Supported"
- **DAW Code 3 – Substitution allowed-pharmacist selected product dispensed**
  - Code will no longer be allowed
  - Reject message will read "DAW Code Value Not Supported"
- **DAW Code 4 – Substitution allowed-generic drug not in stock**
  - Code will no longer be allowed
  - Reject message will read "DAW Code Value Not Supported" and "Contact Help Desk for Assistance".
- **DAW Code 5 – Substitution allowed-brand drug dispensed as a generic**
  - Code will no longer be allowed
  - Reject message will read "DAW Code Value Not Supported"
- **DAW Code 6 – Override**
  - Code will no longer be allowed
  - Reject message will read "DAW Code Value Not Supported"

- **DAW Code 7 – Substitution NOT allowed-brand drug mandated by law**
  - Code will no longer be allowed
  - Reject message will read "DAW Code Value Not Supported"
- **DAW Code 8 – Substitution allowed-generic drug not available in marketplace**
  - Code will no longer be allowed
  - Reject message will read "PA required"
  - If generic has a shortage issue, contact the Prime Therapeutics/Magellan Help Desk for assistance
- **DAW Code 9 – Substitution allowed by prescriber but plan requests brand**
  - Allowed for use when Arkansas Medicaid requires brand name products as preferred when generics are on the market
  - Using DAW 9 for plan prefers brand (PPB) products ensures that pharmacies are reimbursed at the brand rate
  - If not a PPB product, reject message will read "Prior Authorization Required" and "State Supported Preferred Brand Only"
  - Please refer to the State Supported Brand Medications document for a complete list of the Arkansas Supported Brands.

For any questions, contact the Magellan Help Desk at 800-424-7895.

Sincerely,

Cynthia Neuhofel, Pharm.D.
DMS Assistant Director/Pharmacy Director