MCOs:

Please see the notice re CHANGE: OTC Drugs without a Prescription as a Value Added Service

As of September 1, 2017, HHSC will no longer allow a managed care organization (MCO) to provide over-the-counter (OTC) drugs without a prescription as a value-added benefit. This includes the use of gift cards that are limited to OTC drug purchases.

Allowing an MCO to provide OTC drugs without a prescription as a value-added benefit appears to violate express CMS directives. First, a January 17, 2017, Informational Bulletin issued by CMS states that OTC drugs cannot be covered under the Medicaid prescribed drug benefit unless it is prescribed by a licensed practitioner. Second, 42 CFR 438.3(e)(1) allows an MCO voluntarily to provide, as a value-added benefit, services that are "in addition to those covered under the State plan." OTC drugs are covered under the Texas state plan and thus are not an allowable value-added benefit.

MCOs must discontinue the development or production of any Marketing Materials and Member Materials containing references to this VAS. MCOs must also remove references to this VAS from its website and all currently approved Marketing and Member Materials, however resubmission of these materials to HHSC for approval due to this deletion is not required.

MCOs must ensure that all VAS effective September 1, 2017 are revised to reflect this change.

Please contact your Health Plan Management team with any questions.

Thank you,

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