

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Department of Health Care Finance**



Office of the Senior Deputy Director/  
Medicaid Director

**Transmittal # 21-12**

**TO:** District of Columbia (DC) Medicaid Pharmacy Providers

**FROM:** Melisa Byrd  
Senior Deputy Director/State Medicaid Director

**DATE:** March 19, 2021

**SUBJECT:** **Acceptable Dispense As Written (DAW) Codes for Submitted Pharmacy Claims**

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**Purpose**

Pursuant to §1927(h)(1) of the Social Security Act and 42 CFR § 456.722, the purpose of this transmittal is to inform DC Medicaid Pharmacy Providers that the Department of Health Care Finance (DHCF) is issuing a new policy to update existing acceptable Dispense As Written (DAW) Codes for pharmacy claims submitted at the pharmacy point of sale (POS) system to standardize acceptable DAW codes across the Medicaid program. This update applies to all Medicaid beneficiaries, including Fee-for-Service (FFS) Medicaid and beneficiaries enrolled in a managed care organization (MCO).

**Background**

Dispense As Written (DAW) codes, also known as product selection codes, are an integral part of accurate billing to DHCF and provide the agency with the reason why a specific brand or generic is dispensed based on the prescriber's instructions and medical necessity. More importantly, improper use of DAW codes may delay or prevent a Medicaid beneficiary's access to their prescribed medication(s). Failure to accurately use DAW codes results in misinformation to the Pharmacy program and its decision making processes. Misinformation on pharmacy claims may also result in inaccurate retrospective pharmacy reviews and/or pharmacy reimbursement recoupment. Improper usage of DAW codes is among one of the most frequent discrepancies found during a pharmacy audit.

**New Policy**

**Effective April 1, 2021**, the District will only allow providers to claim Medicaid reimbursement using designated DAW codes deemed acceptable to the DC Medicaid Pharmacy program with abbreviated explanations that align with the National Council on Prescription Drug Programs

(NCPDP) claims transaction field description. In order to receive reimbursement for claims submitted, DC Medicaid Pharmacy Providers shall utilize the correct DAW codes based upon the information provided on a prescription and/or verbally verified (documented on the prescription for audit purposes) from the prescriber or their designee.

The following codes are considered acceptable for the purposes of claiming for DC Medicaid reimbursement:

**Acceptable DAW Codes for Prescribed Medication Assisted Treatment (MAT) Drugs Products**

|         |                                                                                         |
|---------|-----------------------------------------------------------------------------------------|
| DAW - 0 | Substitution Allowed - No Product Selection Indicated                                   |
| DAW - 1 | Substitution Not Allowed by Prescriber - Brand Drug Dispensed                           |
| DAW - 4 | Substitution Allowed - Generic Drug Not in Stock at Pharmacy - Brand Drug Dispensed     |
| DAW - 8 | Substitution Allowed - Generic Drug Not Available in Marketplace – Brand Drug Dispensed |

**Acceptable DAW Codes for All Other Prescribed Drugs**

|         |                                                                                                                 |
|---------|-----------------------------------------------------------------------------------------------------------------|
| DAW - 0 | Substitution Allowed - No Product Selection Indicated                                                           |
| DAW - 1 | Substitution Not Allowed by Prescriber - Brand Drug Dispensed<br><u>*Medical Necessity Must Be Established*</u> |
| DAW - 8 | Substitution Allowed - Generic Drug Not Available in Marketplace - Brand Drug Dispensed                         |
| DAW - 9 | Substitution Allowed - Insurance Plan Request Brand Drug – Brand Drug Dispensed                                 |

The following codes are considered unacceptable for billing for the DC Medicaid program:

**Unacceptable DAW Codes for Any Prescribed Drug**

|         |                                                                          |
|---------|--------------------------------------------------------------------------|
| DAW - 2 | Substitution Allowed - Patient Requested That Brand Product Be Dispensed |
| DAW - 3 | Substitution Allowed - Pharmacist Selected Product Dispensed             |
| DAW - 5 | Substitution Allowed - Brand Drug Dispensed as Generic                   |
| DAW - 6 | Override                                                                 |
| DAW - 7 | Substitution Not Allowed - Brand Drug Mandated by Law                    |

**Contact**

If you have any questions or have any problems with obtaining medication after the change goes into effect, please contact the Division of Clinician, Pharmacy, and Acute Provider Services: Charlene Fairfax, Senior Pharmacist at (202) 442-9076 or e-mail: [charlene.fairfax@dc.gov](mailto:charlene.fairfax@dc.gov); Gidey Amare, Pharmacist at (202) 442-5952 or e-mail: [gidey.amare@dc.gov](mailto:gidey.amare@dc.gov); Jonas Terry, Pharmacist at (202) 478-1415 or e-mail: [jonas.terry@dc.gov](mailto:jonas.terry@dc.gov); or Magellan (Pharmacy Benefit Manager) at 1-800-273-4962 (Provider Phone Line).

cc: Medical Society of the District of Columbia  
DC Hospital Association  
DC Primary Care Association  
DC Health Care Association  
DC Home Care Association  
DC Behavioral Health Association  
DC Coalition of Disability Service Providers