Cost Optimization Program Update: Program Additions

NYRx, the Medicaid Pharmacy Program, is updating the Cost Optimization Program to address increasing drug costs. This program focuses on a specific drug trend that is primarily occurring with new formulations and dosages of older drug products. These drugs are entering the market with *substantially higher launch prices* than equally efficacious, cost- effective alternatives while also lacking additional clinical utility and medical necessity for those specific formulations and dosages. Pursuant to Title 18 of the New York Codes, Rules, and Regulations Section 513.4(d), the ordering practitioner and dispensing pharmacy are responsible for assuring that adequate and less expensive alternatives to meet the member's medical needs have been explored and, where appropriate and cost effective, are prescribed and dispensed. The use of affected formulations and dosages for convenience of the member or prescriber is not considered medically necessary. NYRx, covers medically necessary Food and Drug Administration (FDA) approved drugs when used for Medicaid-covered indications.

Starting on July 16th, 2026, the following additional drugs require a *Manual Review by NYRx* for coverage approval. These drugs will reject with National Council for Prescription Drug Programs (NCPDP) Reject Code "75-MR, Manual Review Required". Claims with existing Prior Authorizations will also reject for edit 00254 "Service Code not equal to PA."

cephalexin 750mg capsule	cephalexin 250mg, 500mg tablet	clindamycin phosphate 1% foam
clindamycin-benzoyl peroxide 1.2%-3.75% gel	clindamycin-tretinoin 1.2%-0.025% gel	clonidine hcl 0.05mg tablet
dexamethasone 0.25mg tablet (Dexlyt™)	doxycycline monohydrate 75mg,150mg capsule	Fenofibrate 50mg, 150mg capsule (Lipofen®)
fenoprofen 400mg capsule, 600mg tablet	folic acid 0.2mg/ml oral solution (Quiofic™)	glipizide 15mg tablet
granisol™ 2mg/10ml solution	halobetasol 0.05% foam (Lexette®)	indomethacin 25mg/5ml suspension
ketoprofen ER 200mg capsule	Neo-Synalar® 0.5%-0.025% cream	tazarotene 0.1% foam (Fabior®)
tolmetin sodium 200mg tablet		

Please see *https://www.emedny.org/info/NYRx_Cost_Optimization_Program.pdf* for a complete listing of drugs included in this program.

Note: *The drugs in the above list have FDA approved safe and effective alternatives for their common uses. Prescribers may consider alternatives using the Medicaid Pharmacy List of Reimbursable Drugs found here: https://www.emedny.org/info/formfile.aspx*

If a prescriber has determined that one of these drugs is the only appropriate treatment for a Medicaid member, they may submit a letter of medical necessity and supporting documentation

by fax at (518) 473-5508 for a review of coverage. **Supporting documentation *must* include peer-reviewed literature and chart notes that justify why the prescribed formulation/dosage is medically necessary.**

The Department will continue to monitor and will make updates as determined. If you have questions about the Policy, contact NYRx by phone at (518) 486-3209.