



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 (NYCRR) 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 April 23, 2026, the following 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”, Prior Authorization Required.

Table with 3 columns and 4 rows listing drugs such as Accrufer, carbinoxamine maleate, desloratadine, doxycycline, fenofibrate, glimepiride, lactulose, methocarbamol, and tretinoin.

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 to NYRx@health.ny.gov 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 on the Policy, contact NYRx at: NYRx@health.ny.gov.