



**DATE:** January 22, 2026  
**TO:** Commonwealth of Kentucky Medicaid Prescriber Network  
**FROM:** MedImpact Healthcare Systems  
**Subject: MCO OTC Coverage Change – Effective Date**

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**Status:** MedImpact would like to inform you of an update regarding the new effective date for the Managed Care Organization (MCO) Over-the-Counter (OTC) coverage change.

**Effective February 15, 2026**, DMS will end coverage for OTC drugs that are non-Medicaid rebateable. The effective date has been extended to ensure providers have adequate time to prepare for this change.

As a reminder, an OTC product classified as covered outpatient drug (COD) is currently exempt from the Medicaid Drug Rebate Program (MDRP) rebate logic under the MCO benefit. The MDRP is a program that includes Centers for Medicare & Medicaid Services (CMS), state Medicaid agencies, and participating drug manufacturers that helps to offset the Federal and state costs of most outpatient prescription drugs dispensed to Medicaid patients.

Following this update, OTC products classified as CODs, from manufacturers not participating in the MDRP will be ineligible for coverage. This update will not affect OTC products not classified as covered outpatient drugs by CMS.

The reject message for affected OTCs will be: "**SEE KY PORTAL FOR LIST OF REBATEABLE NDC**". Additionally, the NCPDP reject code will be "**AC**," indicating "**Product Not Covered Non-Participating Manufacturer**."

To facilitate providers with this change, a list of rebateable alternatives is available on the Kentucky Medicaid Provider Portal (<https://kyportal.medimpact.com/provider-documents/drug-information>).

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#### **KY MCO Contact Information**

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