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**Pharmacy Provider Notice #136 – Average Whole Price (AWP) to Wholesale Acquisition Cost (WAC)**

September 6, 2011

Dear Kentucky Medicaid Provider:

**Please be advised that the Department for Medicaid Services and Magellan Medicaid Administration will be replacing Average Whole Price (AWP) with Wholesale Acquisition Cost (WAC) as the cost basis for which pharmacy claims will be adjudicated effective September 23, 2011.**

Claims will be reimbursed at the lesser of logic of the provider payment algorithms listed below.

- Branded Drugs: WAC + 2% (plus dispensing fee) OR
- Generic Drugs: WAC + 3.2 % (plus dispensing fee) OR
- FUL plus dispensing fee OR
- MAC plus dispensing fee OR
- Usual & Customary OR
- Gross Amount Due (GAD)

Dispensing fees will remain unchanged:

- Branded Drugs: \$4.50
- Generic Drugs: \$5.00

If a non-preferred product is submitted and the claim pays at MAC or FUL, providers can submit a DAW Code of “1” to override MAC and/or FUL once a prior authorization request is submitted and approved.

Please note that for prior authorization requests, Magellan Medicaid Administration now offers real time service! Please contact the Clinical Support Center at (800) 477-3071 to speak with a live agent. The only drugs that are now required to be submitted via fax are Brand Medically Necessary, Suboxone/Subutex, Synagis, and Zyvox.

If the pharmacy has technical issues with the claim, they may contact the Pharmacy Support Center at (800) 432-7005 for claim assistance.

Sincerely,

Kasie Purvis

Provider Relations Manager