

Fee-for-Service Pharmacy Provider Notice #219
****Actual Acquisition Cost Reimbursement for Fee-for-Service Covered Outpatient Drugs****

May 16, 2017

Dear Kentucky Medicaid Provider:

On March 27, 2017, the Cabinet for Health and Family Services, Department for Medicaid Services (DMS), sent a letter to inform you of some necessary changes for covered outpatient drug reimbursement pursuant to CMS; Medicaid Program; Covered Outpatient Drug (COD); Final Rule (FC-2345) which requires drug-pricing reductions related to Actual Acquisition Cost and a Professional Dispensing Fee.

Fee-for-Service Only

The reimbursement transition applies to the dispensing or administration of covered outpatient drugs rendered to Medicaid “fee-for-service” recipients who are not enrolled with a Medicaid managed care organization. Managed care organizations are not required to reimburse for pharmacy services in this manner.

DMS adopted an actual acquisition cost-based reimbursement model for pharmacy drug cost including a professional dispensing fee, effective April 1, 2017, but is subject to CMS approval for implementation. CMS has now granted approval of this change.

Beginning June 15, 2017, DMS will fully implement and deploy drug cost reimbursement utilizing the following methodology:

Drug Cost Reimbursement for Point of Sale

DMS shall reimburse for covered outpatient drug cost by the lowest of:

- National Average Drug Acquisition Cost (NADAC)
- Federal upper limit (FUL)
- Wholesale acquisition cost (WAC)
- State maximum allowable cost (MAC)
- Usual and customary charge
- 340B ceiling price

Dispensing Fee

DMS shall pay a professional dispensing fee of \$10.64 per provider per recipient per drug per month for any point of sale qualifying dispense.



This change in pharmacy reimbursement methodology is intended to neither increase nor adversely affect overall pharmacy reimbursement. The increased professional dispense fee should offset any reduction in drug cost from the “lowest of” reimbursement methodology. As a result, an affected providers’ net reimbursement should remain relatively stable.

Thank you for your continued commitment to the health and wellness of Kentuckians throughout the Commonwealth!

Please contact **Magellan Medicaid Administration** at kyproviders@magellanhealth.com for any additional information or questions you may have regarding this notice.

Sincerely,

Harris Taylor, CPhT

Harris Taylor, CPhT
 Provider Relations Manager
kyproviders@magellanhealth.com

Kentucky Medicaid Fee-for-Service Pharmacy Program’s Contact Information		
Clinical Support Center	1-800-477-3071 Sunday – Saturday 24 hours a day	Please contact the Clinical Support Center to request a PA or to check the status of a request. NOTE: The only drugs that are now required to be submitted via fax are Brand Medically Necessary, Buprenorphine products, Synagis®, and Zyvox®.
Pharmacy Support Center	1-800-432-7005 Sunday – Saturday 24 hours a day	Please contact the Pharmacy Support Center when claims assistance is required. Timely filing, lock-in, and early refill (ER) overrides can be obtained through this call center.
Provider Services	1-877-838-5085 Monday – Friday 8:00 am – 4:30 pm	Please contact Provider Services if you have questions about enrollment or when updating your license or bank information.
Member Services	1-800-635-2570 Monday – Friday 8:00 am – 5:00 pm	Please contact Member Services if you are a member or if you as the provider have questions regarding the member’s benefits or eligibility coverage dates.