

## LA Medicaid Pharmacy Reimbursement Notice to Providers

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Effective for claims submitted with dates of service beginning September 5, 2012, Louisiana Medicaid will implement a pharmacy reimbursement methodology change as outlined below. Please remember that the amount billed to Louisiana Medicaid by the pharmacy provider cannot exceed the pharmacy's usual and customary charge to the general public.

### Single-source Reimbursement

- If there is an assigned Average Acquisition Cost (AAC), single-source drugs will reimburse at the lower of the following:
  - AAC, plus a dispensing fee of \$10.13
  - The usual and customary charge
- If there is not an assigned AAC, single-source drugs will reimburse at the lower of the following:
  - Wholesale Acquisition Cost (WAC), plus a dispensing fee of \$10.13
  - The usual and customary charge

### Multi-source Reimbursement

- If there is an assigned AAC, multi-source drugs will reimburse at the lower of the following:
  - The AAC, plus a dispensing fee of \$10.13
  - The Federal Upper Limit (FUL), plus a dispensing fee of \$10.13
  - The usual and customary charge
- If there is not an assigned AAC, multi-source drugs will reimburse at the lower of the following:
  - WAC, plus a dispensing fee of \$10.13
  - The FUL, plus a dispensing fee of \$10.13
  - The usual and customary charge

Diabetic supplies will be reimbursed according to the single-source reimbursement methodology listed above. Please also note that per the federal Centers for Medicare and Medicaid Services' (CMS) directive, Louisiana Medicaid will be moving diabetic supplies to the Durable Medical Equipment (DME) program in the near future. At that time, the reimbursement will change from pharmacy reimbursement to a DME fee schedule.

The FUL/multi-source reimbursement methodology can be overridden when the prescribing practitioner certifies a specific brand name drug as medically necessary. To do so, enter a value of "1", which is the exemption for FUL/multi-source reimbursement limitation; in the NCPDP field #408-D8. For more information on working with your specific system, please consult the pharmacy system vendor manual, your pharmacy system documentation or contact your software vendor. This certification must either be written directly on the prescription, or included as a signed and dated attachment. Both options may be faxed. The certification must be in the prescriber's handwriting. The only acceptable phrases are "brand necessary" or "brand medically necessary."

**\*\*\* If there is no assigned AAC or WAC on file at the time of claim submission for a particular drug, providers must call the Myers & Stauffer Pharmacy Reimbursement Help Desk at 800-591-1183 and provide pricing/invoice/cost data. Myers & Stauffer will apply the submitted pricing data and set a rate in order to allow the claim to process at that time. \*\*\***

Please contact the Pharmacy Point-of-Sale Helpdesk at 1-800-648-0790 or the Myers & Stauffer Pharmacy Reimbursement Help Desk at 800-591-1183 with questions.

## **Frequently Asked Questions**

### **How will the Department determine AACs for reimbursement?**

Since 2009, the Louisiana Department of Health and Hospitals has been working with Myers & Stauffer LLC, a national consulting firm to help establish, evaluate, maintain and update AAC rates for multi-source drugs based on acquisition costs. The costs used to determine the AAC rates are submitted by Louisiana Medicaid participating pharmacies.

As of September 5, 2012, acquisition-based reimbursement rates will be expanded to include single-source drugs.

### **What if my cost is higher than the AAC reimbursement rate?**

AACs are based on the **average acquisition cost** of pharmacy providers and therefore may sometimes be below the costs experienced by individual providers. Adjustments will be made to the AAC rate when the overall average has increased. If your acquisition costs have increased, you may contact Myers and Stauffer's Louisiana Pharmacy Reimbursement Help Desk at 800-591-1183 to report your concerns and request a rate review.

AAC rates will be adjusted when the overall average cost of a drug has increased. AAC rates will not be eligible for adjustment because of an individual provider's inability to purchase the drug below the AAC, if the overall average has not changed.

### **What if an availability issue has caused the acquisition cost of a drug to increase?**

Please call the Myers & Stauffer Pharmacy Reimbursement Help Desk at the number listed above to report availability issues resulting in an increase in acquisition cost. Myers & Stauffer will research the issue and work with Louisiana Medicaid to determine if the AAC is eligible for an increase until the availability issue is resolved.

### **How often will the AAC rates be updated?**

Baseline AAC rates will be calculated twice a year based on invoice costs submitted by Louisiana Medicaid pharmacies. To respond to changes in the marketplace, AAC rates will also be reviewed weekly for published pricing changes and daily when calls are received through the Myers & Stauffer Pharmacy Reimbursement Help Desk.

Please refer to Louisiana's Myers & Stauffer website (<http://la.mslc.com/>) for more details.