



State of Louisiana
Department of Health and Hospitals
Bureau of Health Services Financing

MEMORANDUM

DATE: September 25, 2014

TO: All Louisiana Medicaid Providers

FROM: 
J. Ruth Kennedy, Medicaid Director

SUBJECT: Changes in Reimbursement Methodology for Louisiana Medicaid Pharmacy Fee for Service (FFS) Program

Effective October 1, 2014, based upon guidance from Centers for Medicare & Medicaid Services (CMS), pharmacy reimbursement methodology must change. However, the Department is actively working with pharmacy provider associations and CMS to develop a new reimbursement methodology that will better address current costs and concerns raised by CMS. We anticipate submitting a revised methodology to CMS for review and approval in the coming weeks to mitigate the impact of this change.

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.

Reimbursement Methodology:

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 maximum 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 maximum 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 maximum dispensing fee of \$10.13
- The Federal Upper Limit (FUL), plus a maximum 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 maximum dispensing fee of \$10.13
- The FUL, plus a maximum dispensing fee of \$10.13
- The Usual and Customary charge

Additional Information:

Specialty drug reimbursement will be at either the multi-source or single-source methodology as listed above.

Diabetic supplies will be reimbursed according to the single-source reimbursement methodology listed above.

The FUL/multi-source reimbursement methodology can only be overridden when the prescribing practitioner certifies in his/her handwriting a specific brand-name drug is 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."

Medicaid will reimburse for Brand Name drugs at a Brand reimbursement when the Brand drug is on the PDL and the generic drug requires PA. To be reimbursed at a Brand rate, enter a value of "9," which is "Substitution Allowed by Prescriber but Plan Requests Brand;" in the NCPDP field #408-D8. When "9" is entered in NCPDP field #408-D8, it will not be necessary for "Brand Medically Necessary" to be handwritten on the prescription by the prescriber.

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.

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.

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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.

Baseline AAC rates will be calculated twice a year based on invoice costs submitted by Louisiana Medicaid participating 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 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. Your continued cooperation and support of the Louisiana Medicaid Program efforts to coordinate care and improve health are greatly appreciated.

MCJ/MBW/ESF

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