Pharmacy Reimbursement Methodology Changes

The Kansas Department of Health and Environment, Division of Health Care Finance (KDHE-DHCF), is submitting a State Plan Amendment to be in compliance with 42 CFR 447.518. This rule requires the transition to an Actual Acquisition Cost (AAC) model plus a professional dispensing fee for pharmacy claims effective with dispense dates on and after April 1, 2017. The Kansas Medical Assistance Program (KMAP) will be using the National Average Drug Acquisition Cost (NADAC) pricing model.

Effective with dates of service on and after April 1, 2017, KMAP pharmacy claim allowable will be the lesser of the following:

- NADAC
- Generic NADAC (GNADAC)
- Federal Upper Limit (FUL)
- Wholesale Acquisition Cost (WAC)
- State Maximum Allowable Cost (SMAC)
- Provider Submitted Ingredient Cost (PSIC)
- Usual and Customary (U&C)

A professional dispensing fee (PDF) of $9.25 will be considered except when paid claims are based on U&C reimbursement.

The Provider Submitted Ingredient Cost (PSIC) is expected in Field 409-D9 and U&C in Field 426-DQ in addition to the Gross Amount Due (GAD) in Field 430-DU. For additional instructions, reference the NCPDP D.0 Payer Sheet on the HIPAA Companion Guides page of the KMAP website.

When a prescriber specifies Dispense as Written (DAW) on a drug which has a bioequivalent generic substitute available, the pharmacy may seek greater reimbursement by following the DAW Documentation Required process in the Pharmacy Fee-for-Service Provider Manual on the Provider Manuals page of the KMAP website. This process requires the pharmacy, in collaboration with the prescriber, to obtain a DAW prior authorization using the Food and Drug Administration (FDA) MedWatch form.

When a claim payment is made by a primary prescription insurance (non-Medicare D), reimbursement will be based on the above pricing methodology less the other insurance paid amount.

Hewlett Packard Enterprise is the fiscal agent of KMAP.
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Medicare Part D copay or patient responsibility reimbursement policies will not change. For additional information, reference the Medicare Part D section of the Pharmacy Fee-for-Service Provider Manual. These reimbursement changes include the Medicaid population and other fee-for-service (FFS) beneficiaries, such as those in the Aids Drug Assistance Program (ADAP) or MediKan programs.

For additional pharmacy pricing information including pricing look-up resources and price inquiry guidance, reference the Pharmacy Pricing section in the Pharmacy Fee-for-Service Provider Manual.

340B Program
Covered Entities and Contract Pharmacies
Effective with dispense dates on and after April 1, 2017:

- Covered Entity Pharmacies (excludes contracting pharmacies) that are listed on the Health Resources & Services Administration (HRSA) Medicaid Exclusion File and fill Medicaid member prescriptions with drugs purchased at the prices authorized under Section 340B of the Public Health Services Act, will be required to bill Medicaid at actual acquisition cost (AAC) for all drugs. Medicaid reimbursement will be the AAC, not to exceed the 340B Ceiling Price, plus a professional dispensing fee.
- Contract Pharmacies should not dispense drugs acquired through the Federal 340B drug price program to Medicaid patients. Contract Pharmacy claims will be included for drug rebate.
- Facilities purchasing drugs through the Federal Supply Schedule other than the 340B drug pricing program must bill Medicaid the Federal Supply Schedule drug price. Medicaid will reimburse no more than the Federal Supply Schedule drug price plus a professional dispensing fee.
- Facilities purchasing drugs at Nominal Price (outside of 340B or Federal Supply Schedule) must bill Medicaid the Nominal Drug Price. Medicaid will reimburse the Nominal Drug Price plus a professional dispensing fee. Nominal Drug Price is defined in §447.502 of the Code of Federal Regulations, Part 42.
- Submit the actual acquisition cost in Field 409-D9 (Ingredient Cost Submitted) of the pharmacy pricing claim segment. Amounts submitted and paid above the actual acquisition cost will be subject to recoupment.

For the changes resulting from this provider bulletin, view the updated Pharmacy Fee-for-Service Provider Manual, Section 8300, page 8-2; Section 8400, pages 8-3, 8-4, and 8-10 through 8-12.