

STATE OF ALASKA

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

DIVISION OF HEALTH CARE SERVICES

Sean Parnell, Governor

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August 1, 2011

Re: In-state pharmacy and dispensing prescriber payment regulation changes

Dear Pharmacy Provider:

Changes to the Alaska Medicaid pharmacy coverage and payment methodology, 7 AAC 120.110 – 7 AAC 120.490 and 7 AAC 145.400 – 7 AAC 145.460, will be incorporated by Magellan Medicaid Administration into the pharmacy point-of-sale (POS) claims processing system on **September 7, 2011**. It is important to evaluate whether any modifications or updates to your current claims processing software will be necessary to accurately submit claims to Alaska Medicaid on and after September 7, 2011.

Ingredient Cost

The maximum allowable payment for medications will be based on the lesser of the following:

- The Estimated Acquisition Cost (EAC); or
- The Federal Upper Limit (FUL); or
- The State Maximum Allowable Cost (SMAC); or
- The ingredient cost submitted in NCPDP field 409-D9.

The EAC will no longer be based on the Average Wholesale Price (AWP); instead it will be based on the Wholesale Acquisition Cost (WAC). The new EAC for in-state providers is WAC + 8%.

The SMAC will be published, maintained and updated weekly by Magellan Medicaid Administration. The SMAC prices and the Alaska Medicaid MAC Price Research Request Form will be available online at the website <http://www.medicidalaska.com/providers/rx/default.shtml>. All requests for reconsideration of a SMAC price must be submitted in writing to Magellan Medicaid Administration with a completed Alaska Medicaid MAC Price Research Request Form and a copy of the invoice listing the current acquisition costs.

The submitted ingredient cost (NCPDP field 409-D9) will now be a required field. Claims submitted with no value in field 409-D9 and claims for products with no published WAC, SMAC or FUL will be denied.

Dispensing Fee

The Department will pay one dispensing fee to reimburse for all dispensing services per medication strength per recipient per 28 days at the lesser of the following:

- The assigned volume based dispensing fee; or
- The dispensing fee submitted in NCPDP field 412-DC.

A pharmacy may not refuse to fill a prescription before the end of the 28 days time period because an additional dispensing fee will not be paid; however, the pharmacist may still apply clinical judgment as to whether or not to fill a prescription based on the drug utilization review or other pertinent clinical factors.

Please note; claims submitted with no dispensing fee or a negative value in NCPDP field 412-DC will be processed according to the “lesser of” logic above with a submitted dispensing fee = \$0.00.

The Department will conduct an annual survey of all in-state pharmacy providers and update the volume based dispensing fees accordingly.

A dispensing provider located more than 45 miles from a retail pharmacy and not a covered entity under 42 U.S.C. 256b will continue to receive a dispensing fee of \$5.73 per medication strength.

Usual and Customary Pricing

The Department will pay the lesser of the following:

- The sum of the lesser of the ingredient cost comparison plus the lesser of the dispensing fee comparison; or
- The Usual and Customary charge submitted in NCPDP field 426-DQ.

The Usual and Customary charge submitted in NCPDP field 426-DQ must be the lower of the total amount the pharmacy would charge to the general public as a sum of the ingredient cost and dispensing fee or the amount the pharmacy would charge any other third party payer, except for Medicare.

Other Amount Claimed

When applicable, the Department will pay the lesser of the following:

- The maximum other amount allowed; or
- The other amount submitted in NCPDP field 480-H9.

No value should be entered in NCPDP field 480-H9 unless the provider is billing for a service that is allowed and rendered.

Gross Amount Due

The Department will pay the lesser of the following:

- The sum of Usual and Customary comparison plus the lesser of any other appropriate fields, such as the lesser of the Other Amount Claimed comparison; or
- The Gross Amount Due submitted in NCPDP field 430-DU.

Please note; when submitted, the value in the Other Amount Claimed field (NCPDP field 426-DQ) must be also be added in the submitted Gross Amount Due.

Vaccine Administration Fee

The Department will pay an immunization administration of \$17.46, without a dispensing fee, if the immunization is provided by a licensed in-state pharmacist whom the Board of Pharmacy has approved to exercise collaborative practice authority and the vaccine administration fee is submitted with a claim for a covered vaccine per 7 AAC 110.405 (b)(2). The vaccine administration fee of \$17.46 must be submitted in the Other Amount Claimed field (NCPDP field 480-H9) with an Other Amount Claimed Submitted Qualifier

(NCPDP field 478-H7) = **04**. Claims for immunizations submitted with an administration fee must be submitted with the **dispensing fee** in NCPDP field 412-DC = **\$0.00**. The Department will reimburse the lesser of the allowed vaccine administration fee or the submitted vaccine administration fee. The provider is responsible for the documentation of collaborative practice authority, pharmacist immunization certification and all records related to the immunization administration.

Mediset Fee

The Department will pay a provider to package prescription medications into a mediset for eligible recipients. To bill for the service, the claim must be submitted with a **Unit Dose Indicator** (NCPDP field 429-DT) = **3**, a **Patient Location** field (NCPDP field 307-C7) = **6** and the mediset fee in the **Other Amount Claimed** field (NCPDP field 480-H9).

The mediset fee is not to be submitted on the claim unless ordered by the prescriber and the pharmacy performs the service of packaging a medication into a mediset or unit dose. Medications commercially produced in unit dose packaging as well as products that cannot be packaged into medisets or unit doses, such as inhalers and eye drops, are not eligible for the mediset fee because the pharmacy cannot render the service of packaging the medication into a mediset or unit doses.

Compound Dispensing

The Department will pay a compound dispensing fee when at least one ingredient in the compound is reimbursable and requires a prescription for dispensing and the recipient's drug therapy needs cannot be met by commercially available products. The maximum allowable compound dispensing fee is twice the pharmacy's assigned dispensing fee. The Department will reimburse the lesser of maximum allowed compound dispensing fee or the dispensing fee submitted in NCPDP field 412-DC. To receive the compound dispensing fee the claim must be submitted with a **Compound Code** (NCPDP field 406-D6) = **2** and the appropriate **Compound Route of Administration** in NCPDP field 452-EH.

Claims for compounded medications must be submitted with an initial NDC of "0000000000" and with the national drug code (NDC) number and quantity of each compensable ingredient listed in the compound segment. Compound claims submitted with inaccurate or incomplete ingredients or quantities are out of compliance with the Medicaid Coverage and Payment regulations and are not eligible for reimbursement.

Home Infusion Therapy

Medications for home infusion therapy that are prepared by sterile compounding must be submitted as a multi-ingredient with a **Compound Code** (NCPDP field 406-D6) = **2**, the **Compound Route of Administration** (NCPDP field 452-EH) = **4** and the **Compound Dosage Form Description Code** (NCPDP field 450-DF) = **11**. Claims for home infusion therapy medications that do not require sterile compounding are not to be submitted as compounds.

Claims for home infusion therapy medications prepared by sterile compounding for recipients in long-term care facilities are eligible for the provider's compound dispensing fee and will be paid at the lesser of the allowed compound dispensing fee or the submitted dispensing fee.

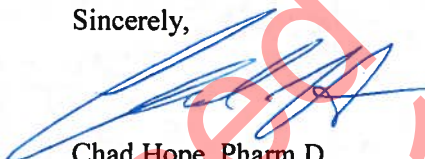
Claims for home infusion therapy medications not prepared by sterile compounding for recipients in long-term care facilities are eligible for the provider's assigned dispensing fee and will be paid at the lesser of the allowed dispensing fee or the submitted dispensing fee.

Claims for home infusion therapy medications for recipients not in long-term care are not eligible for a dispensing fee or a compound dispensing fee because the preparation and delivery of these products are reimbursed as part of the home infusion therapy “per diem”.

Important: It is the provider’s responsibility to submit claims accurately. Claims for home infusion therapy medications for recipients not in long-term care facilities must be submitted with either \$0.00 or no value in the dispensing fee field (NCPDP field 412-DC). Claims incorrectly submitted with a dispensing fee when no dispensing fee is allowed may result in an overpayment that will be recouped by the Department.

This notice is a summary of some notable changes to the pharmacy reimbursement and billing methodologies but does not include all recent changes to the pharmacy program. Please review the regulations **7 AAC 120.110 – 7 AAC 120.490** and **7 AAC 145.400 – 7 AAC 145.460** for complete details of the most current pharmacy coverage and payment regulations. Please contact me at (907) 334-2654 with any questions about this notice or the current regulations.

Sincerely,



Chad Hope, Pharm.D.
Pharmacy Program Manager

cc: William J. Streur, Commissioner
Kimberli Poppe-Smart, Deputy Commissioner
Linda Walsh, Systems Manager
Renee Gayhart, Tribal Health Program Manager

Revised 8/15/12
Reissued