STATE OF ALASKA

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

DIVISION OF HEALTH CARE SERVICES

Sean Parnell, Governor

4501 Business Park Blvd
Suite 24 Bldg L
Anchorage, AK 99503-7167
Telephone: (907) 334-2400
FAX (907) 561-1684

August 31, 2011

Subsequent to the original publication of this notice on August 1, 2011, two items were identified as requiring clarification/correction.
Those changes are highlighted in this reissuance of the original notice.

Re: Out of state pharmacy provider 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 ingredient 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 out of state providers is WAC + 1%.

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.medicaidalaska.com/providers/rxldefault.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 dispensing fee of $3.50; 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.

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.

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 submitted with a **Unit Dose Indicator** (NCPDP field 429-DT) = 3, a **Patient Location** field (NCPDP field 307-C7) = **6**, the mediset fee in the **Other Amount Claimed** field (NCPDP field 480-H9), and the **Other Amount Claimed Submitted Qualifier** (NCPDP field 478-H7) = **04**.

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.

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