



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of
Health and Social Services

DIVISION OF HEALTH CARE SERVICES
PHARMACY & ANCILLARY SERVICES UNIT

4501 Business Park Blvd., Suite 24, Bldg L
Anchorage, Alaska 99503-7167
Main: 907.334.2400
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1 April 2016

Re: New Federal Upper Limits for Multiple Source Drugs

Dear Pharmacists and Prescribers:

On April 1, 2016, federal regulatory changes outlined in [CMS-2345-FC](#) became effective. This rule updates 42 CFR Part 447 with respect to Medicaid reimbursement for covered outpatient drugs. The rule implements provisions of the Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010, collectively referred to as the Affordable Care Act (ACA).

The final Affordable Care Act Federal Upper Limits (FULs), maximum reimbursement limits set for multiple source drugs, will become effective on April 1, 2016 to coincide with the effective date of [CMS-2345-FC](#). States will have up to 30 days from the April 1, 2016 effective date to implement the FULs. Alaska Medicaid has been working with our pharmacy claims processor to ensure compliance by April 30, 2016.

Once the new ACA FULs are available in the claims processing system, the state will send a second notice with additional information on how providers may address any claims submitted with dates of service between the effective date of the ACA FULs and the date the new prices are loaded to the claims processing system.

No changes to the pharmacy reimbursement methodology are required as a result of the federal updates to the FULs. We anticipate that the ACA FULs, updated monthly, will more effectively represent ongoing vacillations in drug pricing. Additionally, FULs, per 42 CFR 447.514(b)(2), will not be set lower than the most current average acquisition costs paid by retail community pharmacies as determined by survey (e.g. NADAC).

Specifics on the ACA Federal Upper Limits may be found at:

<https://www.medicaid.gov/medicaid-chip-program-information/by-topics/benefits/prescription-drugs/federal-upper-limits.html>

ACA FUL files may be found at:

<https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Prescription-Drugs/Pharmacy-Pricing.html>

Alaska Medicaid Covered Outpatient Drug Payment Rates:

<http://www.legis.state.ak.us/basis/aac.asp#7.145.400>

Please contact me, at 907.334.2425 or erin.narus@alaska.gov, with any questions you may have on this rule.

Sincerely,

A handwritten signature in blue ink that reads "Erin Narus, PharmD, RPh".

Erin Narus, PharmD, RPh
Lead Pharmacist, Pharmacy & Ancillary Services Unit

cc: Margaret Brodie, Jon Sherwood