



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

**Department of
Health and Social Services**

DIVISION OF HEALTH CARE SERVICES
Pharmacy and Ancillary Services Unit

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April 21, 2014

Re: Medicaid coverage and payment changes for medications and other pharmacy services

Dear Pharmacists and Prescribers:

On August 2, 2013, the Department of Health and Social Services proposed updates to the Medicaid Pharmacy Program's coverage and payment regulations. Public comments were received and considered, and on 5/18/2014, these regulations will become effective.

The following is a summary of some of the changes that will become effective on 5/18/2014. This is intended to be an overview, and not a substitute for the full text of revised regulations. The full text of the revised regulations is available at <http://aws.state.ak.us/OnlinePublicNotices/Notices/View.aspx?id=172305>.

Copayments

Copayments for prescription drugs with a payment amount of \$50 or less will be changed to \$0.50 for each prescription that is filled or refilled, and \$3.50 for each prescription drug that is filled or refilled with a payment amount of more than \$50.00.

Coverage

Medications appearing on the Alaska Medicaid 90 Day Generic Prescription Medication List may be dispensed up to a 90 day supply; however, the prescription order must authorize the pharmacy to dispense a 90 day supply. Please note that the Department does not require pharmacies to dispense medications appearing on the Alaska Medicaid 90 Day Generic Prescription Medication List in a 90 day supply.

Coverage of over-the-counter fexofenadine and cetirizine will be added.

Coverage of over-the-counter laxatives and bismuth preparations, clotrimazole and miconazole vaginal creams and suppositories, bacitracin ointment, ferrous sulfate and ferrous gluconate, omeprazole, and calcium will be eliminated.

Unless otherwise specified Alaska Medicaid will only cover drugs that meet the definition of a "covered outpatient drug"; drugs that do not meet the definition of a "covered outpatient drug" will not be covered. To be a covered outpatient drug, all of the following criteria must be met:

- the drug may be dispensed only upon a prescription ("Rx Only");
- the United States Food and Drug Administration (FDA) requires a national drug code (NDC) number;
- the drug is listed electronically with the FDA;
- the manufacturer has obtained a new drug application or an abbreviated new drug application from the FDA for the drug; and
- federal Medicaid matching funds are available for the drug.

Prescription Drug Payment Rate

When other coverage exists, the Department will pay the lesser of the difference between the third-party payment amount and the Medicaid allowed amount. Note: claims with other coverage will now require the following fields to be populated and submitted in the Coordination of Benefits segment: Other Payer Patient Responsibility Amount Count (353-NR), Other Patient Responsibility Amount Qualifier (353-NR), and the Patient Responsibility Amount (394-MW).

The estimated acquisition cost for medications will be revised to the Wholesale Acquisition Cost plus 1% unless the provider purchases medications through the 340B program or other discount drug pricing programs under the Veterans Health Care Act of 1992.

Reimbursement for providers who purchase medications through the 340B program will be limited to the actual acquisition cost plus the assigned dispensing fee. Providers who purchase medications through the 340B program must submit no more than the actual acquisition cost of the drug in the ingredient cost field (409-D9) and their assigned dispensing fee in the dispensing fee field (412-DC). Submitting values other than the actual acquisition cost and assigned dispensing fee in these fields may result in overpayments that will be recouped by the Department.

Reimbursement for providers who purchase medications through other discount drug pricing programs under the Veterans Health Care Act of 1992 will be the Wholesale Acquisition Cost minus 15%.

Physician, ANP, PA, nurse midwife, and ESRD facility-administered drugs will be reimbursed at the new estimated acquisition cost of the Wholesale Acquisition Cost plus 1%.

Dispensing Fees and Other Fees

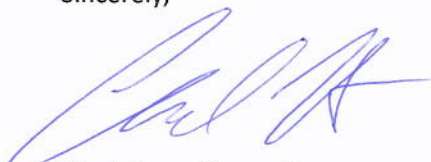
Dispensing fees for all providers are changing and will be based primarily on a provider's location on, or off, the road system. Providers on the road system will have an assigned dispensing fee of \$13.36 no more than once every 22 days and providers off the road system will be assigned a dispensing fee of \$21.28 no more than once every 22 days. Out of state pharmacies will be assigned a dispensing fee of \$10.76 no more than once every 22 days and mediset pharmacies will be assigned a dispensing fee of \$16.58 no more than once every 14 days. Dispensing providers will no longer be paid a dispensing fee; however, they will still be reimbursed for the allowable covered outpatient drug costs.

Postage or shipping charges will now be limited to no more than \$16 per prescription and is allowed only if the pharmacy ships a medication to a recipient and pharmacy services are not available in the recipient's community. Note: claims for home infusion therapy medications are not eligible for postage or shipping charges if the provider has, or will, bill for a home infusion therapy per diem; the per diem is inclusive of the delivery or shipping costs.

The tobacco cessation counseling fee will be revised to \$16, no more than once every 30 days, and the mediset and clozapine management fees will be eliminated. There is no change to the vaccine administration fee.

Additional billing guidance, including revisions to the pharmacy billing manual, will be issued in the near future to assist providers. Please review the regulation package and contact me at 907.334.2654 or chad.hope@alaska.gov with any questions.

Sincerely,



Chad Hope, Pharm.D.
Pharmacy Program Manager