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MO HEALTHNET DIVISION
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Public Notice Regarding Prospective Outpatient Drugs Reimbursement Methodology

December 11, 2018

Pursuant to Sections 1902(a) 13(A) of the Social Security Act, 42 Code of Federal Regulations (CFR) 447.205, which mandate that proposed changes in statewide Medicaid payment methods and standards be published and made available for review and comment, this is to advise that:

1. The Missouri Department of Social Services provides notice of the following:

To ensure efficiency, economy, quality of care, and access, 13 CSR 70-20.070 Drug Reimbursement Methodology is amended in conjunction with the State Plan Amendment Attachment 18-0020. Effective for dates of service beginning December 16, 2018, the MO HealthNet Division (MHD) will change the reimbursement methodology for pharmacy drug claims for prescribed drugs, including specific MO HealthNet covered non-legend drugs and legend drugs that are prescribed by an authorized prescriber. The MHD estimates a total savings of \$55.3 million in expenditures as a result of this change.

- A. The outpatient drug reimbursement will be determined by applying the following hierarchy methodology:

- a. National Average Drug Acquisition Cost (NADAC); if no NADAC,
- b. Missouri Maximum Allowed Cost (MAC) price; if no NADAC or MAC,
- c. Wholesale Acquisition Cost (WAC); OR
- d. The usual and customary (U&C) charge submitted by the provider if it is lower.
- e. Outpatient drug reimbursement for 340B providers who carve-in for Medicaid will be reimbursed at WAC minus 25%.
- f. For Federal Supply Schedule purchased drugs, reimbursement will be at the providers' actual acquisition cost.
- g. Drugs acquired at Nominal Price (outside of 340B or Fee-for-Service) will be reimbursed at the providers' actual acquisition cost.
- h. Long-term care pharmacy providers supplying covered drugs to participants in long-term care facilities shall be reimbursed as outlined in items a-g above in this section.

- i. Drugs not distributed by a retail community pharmacy and distributed primarily through a Specialty Pharmacy or the mail (such as specialty drugs) will be reimbursed as outlined in items a-g above in this section. The MHD's MAC is market-based and includes all types of drugs.
 - j. Clotting factors from Specialty Pharmacy, Hemophilia Treatment Centers (HTC), will be reimbursed as outlined in items a-g above in this section. The MHD's MAC is market-based and includes all types of drugs.
 - k. Investigational drugs are not paid for by the MHD.
 - l. The NADAC and/or State MAC may be waived for a brand innovator multiple-source drug. For these cases, the prescriber must provide documentation of the medical necessity for the brand name rather than the available generic equivalent and receive an override.
 - B. Physician Administered Drugs (PAD) will be reimbursed as outlined in items a-g above in this section.
 - a. PAD reimbursement for 340B providers who carve-in for Medicaid will be reimbursed at WAC minus 25%.
 - C. The MHD does not publish a retail pharmacy fee schedule. The NADAC is published on the CMS website available at <https://data.medicaid.gov/Drug-Pricing-and-Payment/NADAC-National-Average-Drug-Acquisition-Cost-/a4y5-998d>. The MAC is published on the MHD website available at <https://dss.mo.gov/mhd/cs/pharmacy/pages/mac.htm>. The WAC is available from the provider's wholesaler or distributor. Drugs acquired through the federal 340B drug pricing program and dispensed by 340B contract pharmacies are not covered.
2. Comments may be sent by regular mail, express or overnight mail, in person or by courier within thirty days after publication of this notice and must be sent or delivered to the following address:

MO HealthNet Division
615 Howerton Ct., 2nd Floor
Jefferson City, MO 65109
Attention: Lisa Smith

Comments may also be emailed to Ask.MHD@dss.mo.gov. Please use "Public Comment for Prospective Outpatient Drugs Reimbursement Methodology" in the subject line. Comments must be received by January 10, 2019.
3. A copy of the proposed Prospective Outpatient Drugs Reimbursement Methodology is available for public review by going to any Family Support Division Office or by contacting the Department of Social Services, MO HealthNet Division at Ask.MHD@dss.mo.gov. These documents also may be viewable online at www.dss.mo.gov/mhd. A list of the specific MO HealthNet covered non-legend drugs is viewable online at www.dss.mo.gov/mhd/cs/pharmacy/pdf/otc_coveredproducts.pdf
4. No public hearing will be held.