

Public Notice of Reimbursement Methodology for MO HealthNet Covered Outpatient Drugs

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

1. The Missouri Department of Social Services, MO HealthNet Division (MHD) provides notice of the following:

The Centers for Medicare and Medicaid Services (CMS) published a final rule on January 1, 2016 pertaining to Medicaid reimbursement for Covered Outpatient Drugs. The purpose of the final rule is to implement changes to the prescription drug reimbursement structure as enacted by the Affordable Care Act (ACA). States are required to establish actual acquisition cost (AAC) as the basis of ingredient cost reimbursement to providers as well as evaluate the professional dispensing fee reimbursement. States must also establish a payment methodology for 340B entities and 340B contract pharmacies.

Effective April 1, 2017, for prescribed drugs, including specific MO HealthNet covered non-legend drugs and legend drugs that are prescribed by an authorized prescriber, MO HealthNet will reimburse using the following methodology. A blended professional dispensing fee of \$11.60 will be applied in all instances.

- a. Federal Upper Limit (FUL) plus a professional dispensing fee; OR
- b. Missouri Maximum Allowable Cost (MAC) plus a professional dispensing fee (MO HealthNet's MAC includes all types of medications, including specialty and hemophilia products); OR
- c. No more than Wholesaler Acquisition Cost (WAC), as furnished by the state's contracted agent, to meet the actual acquisition cost requirement plus a professional dispensing fee; OR
- d. Usual and customary charge as billed by the provider if lower.
- e. For 340B purchased drugs, the reimbursement logic will include the 340B MAC pricing (ceiling price) plus the professional dispensing fee.
 - Drugs acquired through the federal 340B drug pricing program and dispensed by 340B contract pharmacies are not covered.
- f. For Federal Supply Schedule purchased drugs, providers will be required to bill at no more than their actual acquisition cost plus the professional fee.
- g. Drugs acquired at Nominal Price (outside of 340B or FFS) will be reimbursed at no more than the actual acquisition plus the professional dispensing fee while also using the logic as outlined in items 1-7 above and 8-13 below in this section.
- h. Long-term care pharmacy providers supplying covered drugs to participants in long-term care facilities shall be reimbursed as outlined in items 1-7 above in this section and receive an additional \$0.50 dispensing fee.
- 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 1-7 above in this section, MO HealthNet'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 1-7 above in this section. MO HealthNet's MAC is market based and includes all types of drugs.

- k. Reimbursed as outlined in items 1-7 above in this section (with the exception of the professional dispensing fee being added in the calculation) will apply to Physician Administered Drugs; the professional dispensing fee will not be added to Physician Administered Drugs.
- l. Investigational drugs are not paid for by MO HealthNet.
- m. The FUL 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.

The estimated annual cost for the change in reimbursement methodology is expected to be budget neutral.

- 2. A copy of the proposed reimbursement adjustment 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 www.dss.mo.gov/mhd.
- 3. Written comments must be delivered 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:

Department of Social Services, MO HealthNet Division
P.O. Box 6500
Jefferson City, MO 65102-6500
Attention: MO HealthNet Director

- 4. No public hearing will be held.