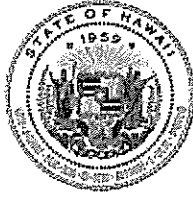


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October 2, 2019

MEMORANDUM

MEMO NO.
FFS 19-05

TO: Medicaid Pharmacies and Physicians

FROM:  Judy Mohr Peterson, PhD
Med-QUEST Division Administrator

SUBJECT: MEDICAID FEE-FOR-SERVICE PROGRAM PHARMACY REIMBURSEMENT CHANGES

The Med-QUEST Division (MQD) is issuing this memorandum to notify Medicaid pharmacies and physicians who dispense medications of changes to the Medicaid fee-for-service (FFS) reimbursement methodology for medications effective November 1, 2019. These changes do not affect medication reimbursement from the QUEST Integrated (QI) health plans.

The major changes are to the ingredient cost of prescription and covered outpatient drugs and the professional dispensing fee. Reimbursement for medications will be based on the lowest of submitted ingredient cost, provider's Usual and Customary charge to the general public, wholesale acquisition cost (WAC), or the National Average Drug Acquisition Cost (NADAC) plus a professional dispensing fee. If available, Federal Upper Limit (FUL) price or State Maximum Allowable Cost (SMAC) will be included. The pharmacy professional dispensing fee will increase from \$5.00 per prescription to \$10.76. Physician administered drugs do not receive a professional dispensing fee.

340B-purchased drugs shall be reimbursed at the 340B submitted ingredient cost but no more than the 340B Ceiling Price (when available), plus a professional dispensing fee. Drugs acquired through the federal 340B drug pricing program and dispensed by 340B contract pharmacies are not covered unless the 340B contract pharmacy requests in writing and receives approval from the state to use these drugs for Medicaid beneficiaries.

Professional dispensing activities shall include but is not limited to the following: Prospective review of drug profile, prescriber communications (formulary considerations, patient-prescription diagnosis documentation, etc.) use of the Hawaii Prescription Drug Monitoring Program and oral patient consultations (educate patients receiving prescriptions about proper use, side effects, medication fills, stockpiling medication and safe storage and disposal).

The following is a reminder. Beginning April 1, 2008, all written prescriptions for outpatient drugs prescribed to a Medicaid beneficiary must be on paper with at least one tamper-resistant feature as outlined by CMS. The CMS strongly supports state program integrity measures and wants states to be aware that both e-prescribing and use of tamper-resistant prescription pads may reduce instances of unauthorized, improperly altered, and counterfeit prescriptions. The compliant prescription may be in the form of a written prescription on tamper-resistant paper or may be obtained by verbal communication with the prescriber, by facsimile, or by e-prescription.¹

Please contact the Clinical Standards Office at (808) 692-8124 should you have any questions.

¹ <https://www.cms.gov/Medicare-Medicaid-Coordination/Fraud-Prevention/FraudAbuseforProfs/TRP.html>