



Changes to Medicaid FFS Pharmacy Reimbursement per CMS Final Rule on Covered Outpatient Drugs and the Enacted 17/18 Budget

Effective November 2, 2017, per the enacted budget and pending Centers for Medicare and Medicaid Services (CMS) state plan approval, changes will be made to Fee-For-Service (FFS) pharmacy reimbursement for ingredient cost and professional dispensing fee. This topic was previously mentioned in the [March 2016 Medicaid Update](#) and the [July 2017 Medicaid Update](#), respectively.

Once the changes have been implemented, a determination will be made on how to process the retroactive adjustments back to April 1, 2017. Retro adjustments will be spread out over a period of time and will show on remittance (at claim level detail) and be communicated to providers.

The new pricing methodology will be determined as follows:

Drug Type	If NADAC is available, reimburse at:	If NADAC is unavailable, reimburse at:	Professional Dispensing Fee (applies if not paid at U&C)
Generics	Lower of NADAC, FUL, SMAC or U&C	Lower of WAC – 17.5%, FUL, SMAC, or U&C	\$10.00
Brands	Lower of NADAC or U&C	Lower of WAC – 3.3%, or U&C	\$10.00
OTCs (<i>Covered Outpatient Drugs</i>)	Lower of NADAC, FUL, SMAC or U&C	Lower of WAC, FUL, SMAC, or U&C	\$10.00

Note: Claims will pay at the pharmacy's Usual and Customary Pricing if lower than drug ingredient cost plus dispensing fee. OTCs that do not meet the definition of a covered outpatient drug will continue to pay at current methodology.

National Average Drug Acquisition Cost (NADAC) is determined by a federal survey, and is an average of the drug acquisition costs submitted by retail community pharmacies.

- ✓ The NADAC Help Desk will investigate provider inquiries, and will evaluate them based upon invoice data collected from the pharmacy initiating the review, additional pharmacies contacted by the help desk, and other market factors, such as compendia price changes.

<https://www.medicaid.gov/medicaid/prescription-drugs/retail-price-survey/index.html>

Covered Outpatient drugs are defined in section 1927(k)(2) and (3) of the Social Security Act.

- ✓ The following links provide information on the Covered Outpatient Drug Policy & FAQ per CMS:

<https://www.medicaid.gov/medicaid/prescription-drugs/covered-outpatient-drug-policy/index.html>

<https://www.medicaid.gov/federal-policy-guidance/downloads/faq070616.pdf>