



STATE OF NEW YORK DEPARTMENT OF HEALTH

Corning Tower

The Governor Nelson A. Rockefeller Empire State Plaza

Albany, New York 12237

Antonia C. Novello, M.D., M.P.H., Dr.P.H.
Commissioner

Dennis P. Whalen
Executive Deputy Commissioner

July 3, 2006

Dear Medicaid Pharmacy Provider:

The purpose of this letter is to notify you of recent legislative changes made to the Medicaid program that will affect your practice.

AWP CHANGES

Pharmacy reimbursement for prescription drugs under the New York State Medicaid program is limited to the federal upper limit (FUL) for specific multiple source drugs, or the lower of the billing pharmacy's usual and customary price charged to the general public or the estimated acquisition cost (EAC) established by the NYS Department of Health.

The following changes have been made to the EAC definitions which will affect pharmacy reimbursement for drugs provided on and after July 15, 2006:

- ◆ **Sole or Multi-source Brand Drugs**

AWP of the prescription product minus thirteen and one quarter percent (13.25%).

- ◆ **Multi-source Generic Drugs**

The FUL if available or, if no FUL has been assigned by the Centers for Medicare and Medicaid Services (CMS), the lower of AWP minus twenty percent (20%) or the State based maximum acquisition cost (SMAC), when established by the NYS Commissioner of Health.

Pharmacy reimbursement for **specialized HIV pharmacies** which meet specific programmatic and operational criteria remains as follows:

- ◆ **Sole or Multi-source Brand Drugs**

AWP minus twelve percent (12%).

- ◆ **Multi-source Generic Drugs**

The FUL if available or, if no FUL has been assigned by the CMS, the lower of AWP minus twelve percent (12%) or SMAC, when established by the NYS Commissioner of Health.

ERECTILE DYSFUNCTION DRUGS

Effective immediately, the Medicaid program is prohibited from covering all drugs for the treatment of sexual or erectile dysfunction unless the drug is used to treat a condition other than erectile dysfunction, and has received FDA approval for that purpose.

MEDICARE WRAP-AROUND PROGRAM

There are two key changes to the wrap-around program:

Limited Wrap-Around Benefit

Effective **January 1, 2007**, drugs reimbursed by Medicaid under the wrap-around benefit will be limited to the following four categories of drugs:

- ◆ Atypical antipsychotics
- ◆ Antidepressants
- ◆ Antiretrovirals used in the treatment of HIV/AIDS
- ◆ Immunosuppressants used in the treatment of organ transplants


As of January 1, 2007, all other categories of drugs included in the Medicare Part D benefit will **ONLY** be covered through the Medicare Part D program for full benefit duals. (Note that there are a limited number of drugs excluded from Part D, which will continue to be covered by Medicaid such as barbiturates, benzodiazepines, select prescription vitamins and non-prescription drugs.)

Changes to the MVS Requirements

Providers were notified in December 2005 that they must seek a denial from Medicare Part D, and complete a Medicare Verification System (MVS) process, prior to payment by Medicaid under the wrap-around benefit. This requirement has been discontinued. Pharmacists must continue to verify that they have attempted to bill the recipient's Part D plan for that drug prior to submitting the claim to Medicaid. Additional details on the Medicare Wrap-Around program and the Medicare Part D program can be found in the recent editions of the Medicaid Update.

Questions regarding this information can be directed to the Medicaid Pharmacy Unit at (518) 486-3209 or by email at ppno@health.state.ny.us.

Sincerely,



Brian J. Wing
Deputy Commissioner
Office of Medicaid Management