



STATE OF NEW YORK DEPARTMENT OF HEALTH

Corning Tower The Governor Nelson A. Rockefeller Empire State Plaza Albany, New York 12237

Richard F. Daines, M.D.
Commissioner

May 22, 2007

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 reimbursement.

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 Department.

The following changes have been made to the EAC definitions which will affect pharmacy reimbursement for drugs provided on and after July 1, 2007:

- ◆ **Sole or Multi-source Brand Drugs**
AWP of the prescription product minus fourteen percent (14%).
- ◆ **Multi-source Generic Drugs**
The lower of AWP minus twenty-five percent (25%) or the State based maximum acquisition cost (SMAC).

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 CMS, the lower of AWP minus twelve percent (12%) or SMAC.

Questions regarding this information can be directed to the Bureau of Pharmacy Policy and Operations at: (518) 486-3209 or by email at: ppno@health.state.ny.us.

Sincerely,

Linda J. Jones, Director
Bureau of Pharmacy Policy & Operations
Office of Health Insurance Programs