



## Changes to Medicaid FFS Pharmacy Reimbursement

**Changes to Fee-For-Service (FFS) pharmacy reimbursement for ingredient cost and professional dispensing fee per the enacted budget are scheduled to be implemented February 22, 2018.**

As previously mentioned in the [March 2016 Medicaid Update](#) and the [July 2017 Medicaid Update](#), once these changes have been implemented, a determination will be made on how to process the retroactive adjustments back to April 1, 2017. Retroactive adjustments will be handled at a future date, which will be communicated to providers ahead of time. Such adjustments will be spread out over a period of time (to be determined) and will show on the remittance with claim level detail.

**Starting February 22, 2018**, the pricing methodology will be systematically 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.*

### Provider Pricing Inquiries:

- ❖ 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>

- ❖ State Maximum Acquisition Cost (SMAC) is developed by Magellan Medicaid Administration for NYS Medicaid and is applied on multiple source generic drugs. It represents an upper limit that NYS Medicaid will pay for these drugs.
  - Magellan Medicaid Administration will investigate provider inquiries and 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://newyork.fhsc.com/providers/smacinfo.asp>

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

The following link provides 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>

Over-the-Counter (OTC) drugs in the Medicaid FFS Program that meet the definition of CODs can be identified at the following website: <https://www.emedny.org/info/formfile.aspx>

- When performing a search select field “OTC Indicator” and then select a value of “Y”

For NADAC inquiries please use the following contact methods:

phone: (855) 457-5264; email: [info@mslcrps.com](mailto:info@mslcrps.com); or fax: (844) 860-0236.

For SMAC inquiries please use the following contact methods:

email: [StateMACProgram@MagellanHealth.com](mailto:StateMACProgram@MagellanHealth.com); fax: (888)-656-1951; or visit the webpage: <https://newyork.fhsc.com/providers/smacinfo.asp>.