NEW YORK STATE OF OPPORTUNITY. Department of Health

ANDREW M. CUOMO
Governor

HOWARD A. ZUCKER, M.D., J.D.
Commissioner

SALLY DRESLIN, M.S., R.N.
Executive Deputy Commissioner

Newly Calculated Federal Upper Limits for Fee for Service Covered Outpatient Drugs

Effective April 1, 2016

In accordance with section 1927(e) of the Social Security Act, as amended by section 2503(a) of the Affordable Care Act (ACA), and the requirements in §447.514(b)(1) and (2) of the final regulation, CMS established a new methodology of calculating the FUL. The new FUL will be the higher of NADAC or an amount equal to 175 percent of the weighted average of the most recently reported monthly AMPs for pharmaceutically and therapeutically equivalent multiple source drugs.

CMS notes that, at this time, where a multiple source drug has multiple acquisition costs calculated per unit or has no corresponding acquisition cost available for comparison, CMS will not publish a FUL for that drug, as CMS considers those drugs to not have a one-to-one corresponding acquisition cost to FUL for comparison.

The newly calculated FULs will be published by CMS in late March 2016 with an effective date of April 1, 2016, and will be updated on a monthly basis thereafter. State Medicaid programs are mandated to apply the newly calculated FULs by May 1, 2016.

Effective April, 1 2016, the Medicaid FFS program will no longer use the old FULs in calculating claims reimbursement and will begin to use the newly calculated FULs no later than May 1, 2016, in accordance with current legislated pharmacy reimbursement methodology.

The implementation of the new FULs does not change the Medicaid Pharmacy Program's fee for service reimbursement methodology, which can be found at:
http://www.health.ny.gov/health_care/medicaid/program/docs/pharmacy_reimbursement.pdf

New York State Medicaid does not have authority to change FUL pricing. Therefore, questions regarding FUL prices and the Federal Upper Limit Program should be submitted directly to CMS at the following email address: FUL@cms.hhs.gov. Additional information regarding the FUL can be found at the following website: https://www.cms.gov/reimbursement/.

The CMS final rule on Covered Outpatient Drugs also addresses changes to pharmacy reimbursement for ingredient cost, professional dispensing fees, and outpatient pharmacy reimbursement of 340B acquired drugs. These changes are mandated by April 1, 2017. The Department of Health is currently reviewing and evaluating these mandates and will continue to communicate with providers as progress is made.