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Pharmacy Claim Reimbursement Changes Described in [MDHHS Provider Bulletin MSA 17-09](#)

Frequently Asked Questions

Q: Why has the drug ingredient cost reimbursement changed?

A: The federal Centers for Medicare and Medicaid Services (CMS) has created the National Average Drug Acquisition Cost (NADAC) pricing methodology for states to use, effective for claims processed on and after April 1, 2017. The NADAC is based on surveys of retail community pharmacy prices.

Q: How can I find out what the current NADAC rates are?

A: The current NADAC rates are posted at data.medicaid.gov.

Q: A recent change in drug price is not reflected in the posted NADAC file. Who should be notified?

A: Contact the NADAC Help Desk to provide notification of recent drug price changes that are not reflected in posted NADAC files:

Toll-Free: (855) 457-5264

E-Mail: info@mslcrps.com

Fax: (844) 860-0236

Q: My claim does not appear to have paid according to the new payment methodology described in Provider Bulletin MSA 17-09.

A: Note that pharmacy claims will pay using the provider's submitted dispensing fee and ingredient cost amount (i.e. the provider's charge) if it is lower than the payment methodology described in Provider Bulletin MSA 17-09. Prior to submitting the claim, the pharmacy provider should review their ingredient cost and professional dispensing fee to ensure that the amounts submitted reflect their actual costs and any discounts they are required to pass along to the Department.

Q: How can I find out if a drug qualifies for the enhanced professional dispensing fee for specialty drugs?

A: Drug products with the "SPL" indication on the Michigan Pharmaceutical Products List (MPPL) are eligible for the specialty drug professional dispensing fee.

Q: How did the Michigan Department of Health and Human Services (MDHHS) determine which drugs are specialty drugs?

A: The specialty drugs were identified using the classification provided by First DataBank.

Q: How were the new professional dispensing fees calculated?

A: MDHHS contracted with an independent government accounting firm to conduct a Cost of Dispensing Study among enrolled pharmacies in 2016 through a validated survey. The survey tool collected actual historical costs for all overhead and labor expenses incurred at each pharmacy using existing records, such as financial statements, federal income tax returns, and prescription summary reports. The average cost of dispensing was calculated by summing the allowable prescription-related

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costs at each pharmacy and dividing this sum by the number of prescriptions dispensed. This average was weighted by prescription volume. The weighted average cost of dispensing is the basis for the new professional dispensing fee. The results of the Cost of Dispensing Study are available at Michigan.gov/MedicaidProviders >> Billing and Reimbursement >> Provider Specific Information >> Pharmacy.

Q: What are the changes to reimbursement for Over-the-counter drugs?

A: Over-the-counter drugs must be dispensed in their original packaging and as such a professional dispensing fee should not be requested in the provider's usual and customary charge.

Q: Do these reimbursement changes apply to Medicaid Health Plan claims as well?

A: No – these changes in ingredient cost and dispensing fee reimbursement apply to Fee-for-Service pharmacy claims only.

Refer to [MDHHS Provider Bulletin MSA 17-09](#) for additional information on changes to pharmacy claim reimbursement effective for claims processed on and after April 1, 2017.