

State of Mississippi

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES –OTHER TYPES OF CARE

Prescribed Drugs

The Division of Medicaid reimburses for certain legend and non-legend drugs, as authorized under the State Plan, prescribed by a Mississippi enrolled Medicaid prescribing provider licensed to prescribe drugs and dispensed by a Mississippi enrolled Medicaid pharmacy in accordance with Federal and State laws.

The Division of Medicaid Prescription Drug Program conforms to the Medicaid Prudent Pharmaceutical Purchasing Program as set forth in the Omnibus Budget Reconciliation Act of 1990 (OBRA'90) and complies with the Centers for Medicare and Medicaid (CMS) Covered Outpatient Drug Final Rule in accordance with 42 C.F.R. Part 447.

- I. The Division of Medicaid reimburses the following drugs as described below:
 - A. Brand Name drugs – Ingredient cost based on actual acquisition cost (AAC) which is defined as the lesser of:
 1. National Average Drug Acquisition Cost (NADAC) plus a professional dispensing fee of \$11.29, or
 2. Wholesale Acquisition Cost (WAC) plus zero percent (0%) plus a professional dispensing fee of \$11.29 when no NADAC is available, or
 3. A rate set by the Division of Medicaid's rate-setting vendor plus a professional dispensing fee of \$11.29 when no NADAC or WAC are available, or
 4. The provider's usual and customary charge.
 - B. Generic drugs – Ingredient cost based on AAC which is defined as the lesser of:
 1. NADAC plus a professional dispensing fee of \$11.29, or
 2. WAC plus zero percent (0%) plus a professional dispensing fee of \$11.29 when no NADAC is available, or
 3. A rate set by the Division of Medicaid's rate-setting vendor plus a professional dispensing fee of \$11.29 when no NADAC or WAC are available, or
 4. The provider's usual and customary charge.
 - C. Reimbursement for 340B covered entities as described in section 1927(a)(5)(B) of the Act, including an Indian Health Service, tribal and urban Indian pharmacy as follows:
 1. Purchased 340B drugs – Ingredient cost must be no more than the 340B AAC defined as the price at which the covered entity has paid the wholesaler or manufacturer for the covered outpatient drug plus a professional dispensing fee of \$11.29.
 2. Drugs purchased outside of the 340B program by covered entities – Ingredient cost based on AAC which is defined as the lesser of:
 - a. NADAC plus a professional dispensing fee of \$11.29, or
 - b. WAC plus zero percent (0%) plus a professional dispensing fee of \$11.29 when no NADAC is available, or
 - c. A rate set by the Division of Medicaid's rate-setting vendor plus a professional dispensing fee of \$11.29 when no WAC is available, or
 - d. The provider's usual and customary charge.
 3. Drugs acquired through the federal 340B drug pricing program and dispensed by 340B contract pharmacies are not covered.
 - D. Drugs acquired via the Federal Supply Schedule (FSS) – Ingredient cost based on AAC plus a professional dispensing fee of \$11.29.

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- E. Drugs acquired at Nominal Price (outside of 340B or FSS) – Ingredient cost based on AAC plus a professional dispensing fee of \$11.29.
 - F. Specialty drugs not dispensed by a retail community pharmacy and dispensed primarily through the mail – Ingredient cost is defined as the lesser of:
 - 1. WAC plus zero percent (0%) plus a professional dispensing fee of \$61.14, or
 - 2. A rate set by the Division of Medicaid’s rate-setting vendor plus a professional dispensing fee of \$61.14 when no WAC is available, or
 - 3. The provider’s usual and customary charge.
 - G. Drugs not dispensed by a retail community pharmacy (e.g., institutional or long-term care pharmacy when not included as part of an inpatient stay) – Ingredient cost based on AAC which is defined as the lesser of:
 - 1. NADAC plus a professional dispensing fee of \$11.29, or
 - 2. WAC plus zero percent (0%) plus a professional dispensing fee of \$11.29 when no NADAC is available, or
 - 3. A rate set by the Division of Medicaid’s rate-setting vendor plus a professional dispensing fee of \$11.29 when no NADAC or WAC are available, or
 - 4. The provider’s usual and customary charge.
 - H. Clotting Factor from Specialty Pharmacies, Hemophilia Treatment Centers (HTCs), or Centers of Excellence – Ingredient cost defined as:
 - 1. For a 340B covered entity:
 - a. Purchased 340B drugs – Ingredient cost must be no more than the 340B AAC defined as the price at which the covered entity has paid the wholesaler or manufacturer for the clotting factor product plus a professional dispensing fee of \$0.02 per Unit.
 - b. Drugs purchased outside of the 340B program by covered entities – Ingredient cost which is defined as the lesser of:
 - 1) WAC minus ten percent (10%) plus a professional dispensing fee of \$0.02 per Unit, or
 - 2) A rate set by the Division of Medicaid’s rate-setting vendor plus a professional dispensing fee of \$0.02 when no WAC is available, or
 - 3) The provider’s usual and customary charge.
 - 2. For a non-340B covered entity – Ingredient cost is defined as the lesser of:
 - a. WAC minus ten percent (10%) plus a professional dispensing fee of \$0.02 per Unit, or
 - b. A rate set by the Division of Medicaid’s rate-setting vendor plus a professional dispensing fee of \$0.02 when no WAC is available, or
 - c. The provider’s usual and customary charge.
- II. The Division of Medicaid does not reimburse for Investigational Drugs.
- III. Usual and Customary Charges
The Division of Medicaid defines usual and customary charge as the lowest price the pharmacy would charge to a particular customer if such customer were paying cash for the identical prescription drug services on the date dispensed. This includes any applicable discounts including, but not limited to, senior discounts, frequent shopper discounts, and other special discounts offered to attract customers such as four dollar (\$4.00) flat rate generic price lists. A pharmacy cannot have a usual and customary charge for prescription drug programs that differs from either cash customers or other third-party programs. The pharmacy must submit the accurate usual and customary charge with respect to all claims for prescription drug services.
- IV. Overall, the Division of Medicaid’s payment will not exceed the federal upper limit (FUL) based on the NADAC for ingredient reimbursement in the aggregate for multiple source drugs.