



June 27, 2016

Montana Healthcare Programs Notice

Pharmacy

Effective July 1, 2016

Average Acquisition Cost Reimbursement Methodology

Effective July 1, 2016, the Department will implement an Average Acquisition Cost (AAC) reimbursement methodology for outpatient prescription drugs. AAC rates are established using the invoice data from in-state pharmacy provider surveys. Each month, a panel of ten Montana pharmacy owners will submit their invoice data to establish monthly rates. During the month, the fluctuations in Wholesale Acquisition Cost will be monitored to determine if additional rate changes are needed.

Reimbursement Formula:

A pharmacy claim will price at the lower of:

1. the provider's usual and customary charge (NCPDP Field 426-DQ); or
2. the allowed ingredient cost plus a professional dispensing fee. Where allowed ingredient cost is defined as the lower of:
 - a. the Average Acquisition Cost; or
 - b. Ingredient Cost Submitted (NCPDP Field 409-D9)
 - i. If an AAC rate is not available, drug reimbursement is determined at the lower of:
 1. Wholesale Acquisition Cost;
 2. Affordable Care Act Federal Upper Limit (ACA FUL); or
 3. Ingredient Cost Submitted (NCPDP Field 409-D9).

Important Notes

- The professional dispensing fee changes **will not** be in effect by July 1, 2016. The proposed dispensing fee structure can be found at: <http://mtrules.org/> under MAR 37-757. The proposed dispensing fees are going through the public notice process and once finalized will be retroactive back to July 1, 2016.
- Usual and customary charge (NCPDP Field 426-DQ) is the price the provider most frequently charges the general public for the same drug.

- All pharmacy providers are required to submit their actual acquisition cost. A pharmacy's actual acquisition cost is transmitted on a pharmacy claim as the Ingredient Cost Submitted (NCPDP Field 409-D9).
 - This requirement also applies to providers who purchase drugs through the Federal Supply Schedule or providers who are participating in the 340B program.
- A claim for a Section 340B must be identified through the use of a valid value of 20 in the NCPDP Submission Clarification Code (420-DK) field.
 - If a claim is identified as a 340B claim, and the submitted ingredient cost is greater than the AAC rate, the claim will deny.
- When there is a concern about pharmacy claim's ingredient reimbursement amount, please submit a pricing inquiry in accordance with the process outlined in the provider notice titled [Reverse and Rebill for Drug Cost Disputes](#).
- The Average Acquisition Cost rates are published to the provider [website](#).

Background

On February 1, 2016 CMS published CMS-2345-FC, a pharmacy reimbursement rule. This rule directs states to shift from Estimated Acquisition Cost to Actual Acquisition Cost. The rule also emphasizes the importance of establishing an appropriate rate for the professional dispensing fee.

Contact Information

If you have any questions regarding this provider notice, please contact Katie Hawkins at 406.444.2738 or khawkins@mt.gov or Dave Campana at 406-444-5951 or via email at dcampana@mt.gov.

For claims questions or additional information, contact Provider Relations at 1-800-624-3958 (toll-free, in/out of state) or (406) 442-1837 (Helena) or via e-mail at MTPRHelpdesk@xerox.com.

Visit the Provider Information website at <http://medicaidprovider.mt.gov>.