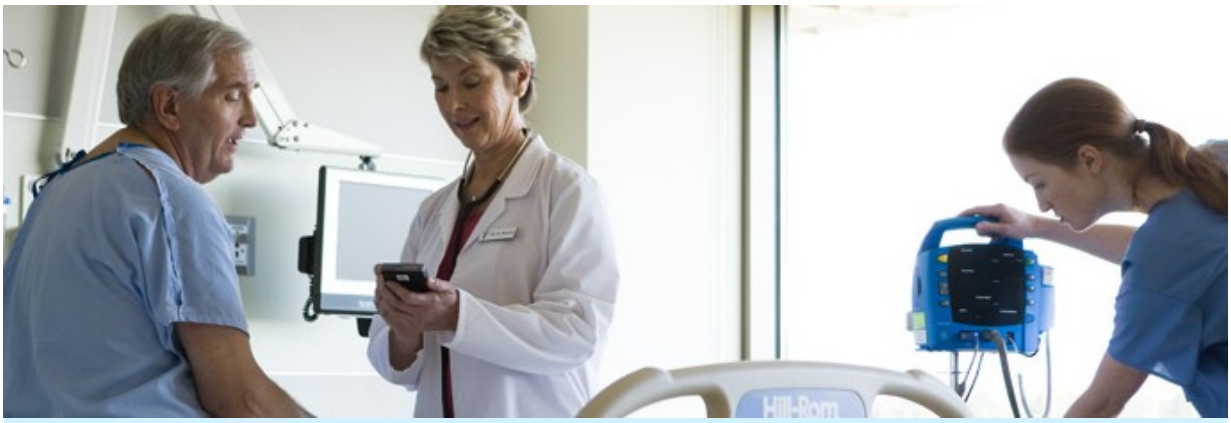
IHCP *bulletin*

INDIANA HEALTH COVERAGE PROGRAMS BT201010 APRIL 6, 2010



CHANGE IN REIMBURSEMENT RATE METHODOLOGY

The Indiana Health Coverage Programs (IHCP) announces a change in the methodology for setting reimbursement rates for physician-administered drugs, also referred to as procedure-coded drugs. The Office of Medicaid Policy and Planning (OMPP) is promulgating regulations on an emergency basis to avoid an anticipated budgetary shortfall and to remain within the available Medicaid appropriation. Furthermore, the benchmark for current reimbursement rates for physician-administered drugs, Average Wholesale Price (AWP), will no longer be available in the near future. The result is a permanent change in reimbursement for physician-administered drugs billed on the paper CMS-1500, electronic 837P, paper UB-04, and electronic 837I claim types.

The rates will be available on the Myers and Stauffer Web site at http://in.mslc.com no later than Thursday, April 8, 2010.

General

For dates of service on or after May 1, 2010, the reimbursement rate methodology is changing for physician-administered procedure-coded drugs. Currently, the reimbursement rate for most physician-administered drugs is the lowest Average Wholesale Price for a National Drug Code (NDC) corresponding to the procedure code. For dates of service on or after May 1, 2010, the new pricing methodology for physician-administered drugs that require an NDC will be 105 percent of the lowest Wholesale Acquisition Cost (WAC) for an NDC corresponding to the procedure code, as reported by First DataBank. In rare cases where no

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REIMBURSEMENT METHODOLOGY

WAC pricing exists, the IHCP will use Medicare's pricing, which is currently the Average Sales Price (ASP) plus 6 percent (ASP+6 percent). If both WAC pricing and Medicare pricing are unavailable, other pricing metrics may be used as determined by the Office of Medicaid Policy and Planning.

Claim details for physician-administered procedure-coded drugs requiring an NDC and priced using the WAC or Medicare methodology will not be subject to the 5 percent reduction currently in effect for hospital outpatient and outpatient crossover claims through June 30, 2011. However, physician-administered drugs that are not priced using the WAC or Medicare methodology, such as blood factor and parenteral nutrition, will continue to be subject to the 5 percent reduction. See *BT200943*, dated November 24, 2009, for additional information regarding the outpatient hospital services reduction. Physicians who furnish blood factor products may refer to provider bulletin *BT200833*, dated July 31, 2008, for pricing information.

QUESTIONS?

If you have questions about this bulletin, please contact Customer Assistance at (317) 655-3240 in the Indianapolis local area or toll-free at 1-800-577-1278.

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