



PROVIDER BULLETIN

BT200218

MAY 6, 2002

To: All Indiana Health Coverage Program (IHCP) Pharmacy Providers and Prescribing Practitioners

**Subject: 1. Modifications to Indiana Medicaid Reimbursement Methodology for Covered Legend Drugs
2. Implementation of State MAC (Maximum Allowable Cost) Program**

Note: The information in this bulletin is not directed to those providers rendering services in the risk-based managed care (RBMC) delivery system

Overview

Due to a severe and persistent budget shortfall, it has become necessary to amend the methodology by which claims for legend drugs are reimbursed under the traditional Indiana Medicaid drug benefit. The Office of Medicaid Policy and Planning (OMPP), in conjunction with representatives from organized pharmacy, have evaluated a number of possible alternative reimbursement methodologies. Subsequent to extensive analysis, it was determined that the methodology contained in the attached rule copy, and described under item number 1 immediately below, would best meet necessary cost containment goals while ensuring continued access to covered legend drugs. Concurrently, the State is also adopting a state MAC program under Medicaid, to supplement and enhance the existing federal MAC Federal Upper Limits (FUL) program. Both program changes are being made pursuant to *LSA document no. 01-372(F)* (copy attached), which amends Indiana Medicaid rule 405 IAC 5-24-4, *Reimbursement for Legend Drugs*. The amended rule becomes effective May 30, 2002. The changes noted above are effective as indicated in the respective sections of this bulletin.

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1. Modifications to Indiana Medicaid Reimbursement Methodology for Covered Legend Drugs

Effective for all pharmacy dispensed covered legend drug claims having a date of service (dispense date) of May 30, 2002, the revised Indiana Medicaid reimbursement methodology will be that which is reflected in the attached rule, excluding the portion (*subpart 3*) that addresses State MAC rates. Essentially, the dispensing fee is being increased from \$4.00 to \$4.90, and whereas estimated acquisition cost (EAC) of a drug has previously been defined as average wholesale price (AWP) minus 10 percent, it will now be defined as AWP minus 20 percent for generic drugs, and AWP minus 13.5 percent for brand name drugs. Providers should contact the EDS point of service (POS) Helpdesk at 1-877-877-5182 if there are questions regarding what constitutes a brand name vs. a generic drug. Please note that the above-referenced methodology will apply until such time as State MACs are added as a new factor to the reimbursement methodology. Implementation of State MACs is addressed in item number 2 of this bulletin.

2. Implementation of State MAC Program

Effective for claims having a date of service (dispense date) of June 19, 2002, the revised Indiana Medicaid reimbursement methodology will be that which is reflected in the attached rule, including the portion (*subpart 3*) that addresses State MAC rates. Table 1.1 is a listing of State MAC products, and the rates applicable to each. Please note that Myers and Stauffer, LC, is Indiana Medicaid's contractor having responsibility for the development and maintenance of the State MAC rates. All questions regarding the State MAC program, including those involving product availability, the rates themselves, or other related aspects should be directed to the Myers and Stauffer Pharmacy Unit at 1-800-877-6927 weekdays between the hours of 8 a.m. and 5 p.m.

Table 1.1 State MAC Rates for Legend Drugs and Blood Factors

Drug Group	Brand Name	Generic Name	MAC Rate
1	Vancocin HCL 1GM	Vancomycin 1GM	\$5.8401
5	Tegretol 200MG	Carbamazepine 200MG	\$0.0901
6	Lanoxin 125MCG	Digoxin 125MCG	\$0.0843
7	Ritalin 10MG	Methylphenidate 10MG	\$0.2568
9	Ancef 1GM	Cefazolin 1GM	\$1.6032
10	Sterile Water Irrigation	Sterile Water Irrigation	\$0.0257

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Table 1.1 State MAC Rates for Legend Drugs and Blood Factors

Drug Group	Brand Name	Generic Name	MAC Rate
11	Xanax 1MG	Alprazolam 1MG	\$0.0383
12	Ritalin 20MG	Methylphenidate 20MG	\$0.3817
13	Ritalin-SR 20MG	Methylphenidate-SR 20MG	\$0.6515
14	Soma 350MG	Carisoprodol 350MG	\$0.1507
15	Ritalin 5MG	Methylphenidate 5MG	\$0.1755
16	Nitro-Dur 0.4MG/HR	Nitroglycerin .4MG/HR	\$0.8417
17	Lasix 40MG	Furosemide 40MG	\$0.0292
18	Sinemet-25/100	Carbidopa/Levo 25/100	\$0.2968
19	Tegretol 100MG Chew	Carbamazepine 100MG Chew	\$0.1630
20	Darvocet-N 100	Propoxy-N/APAP 100-650	\$0.1200
21	Xanax 0.5MG	Alprazolam 0.5MG	\$0.0291
22	Cordarone 200MG	Amiodarone HCL 200MG	\$0.6343
23	Nitrostat 0.4MG	Nitroglycerin 0.4MG	\$0.0839
24	Aldactone 50MG	Spirolactone 50MG	\$0.6567
25	Norflex 100MG	Orphenadrine 100MG	\$0.4890
26	Klonopin 1MG	Clonazepam 1MG	\$0.1099
27	Ativan 2MG/ML	Lorazepam 2MG/ML	\$4.5839
28	Dilaudid 4MG	Hydromorphone 4MG	\$0.2087
29	Klonopin 0.5MG	Clonazepam 0.5MG	\$0.0818
30	Xylocaine 5% Ointment	Lidocaine 5% Ointment	\$0.1860
31	Keflex 500MG	Cephalexin 500MG	\$0.1139
32	Carafate 1GM	Sucralfate 1GM	\$0.1982
33	Lortab 7.5/500	Hydrocodone/APAP 7.5/500	\$0.1023
34	Proventil 90MCG	Albuterol 90MCG	\$0.4894
35	Lorcet 10/650	Hydrocodone/APAP 10/650	\$0.1121
36	Xylocaine 2% Jelly	Lidocaine HCL 2% Jelly	\$0.4217
37	Vasotec 10MG	Enalapril Maleate 10MG	\$0.1274
38	Lasix 20MG	Furosemide 20MG	\$0.0257
39	Trental 400MG Tablet SA	Pentoxifylline 400MG TAB SA	\$0.1614
40	Vasotec 5MG	Enalapril Maleate 5MG	\$0.1251

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Table 1.1 State MAC Rates for Legend Drugs and Blood Factors

Drug Group	Brand Name	Generic Name	MAC Rate
41	Zantac 300MG	Ranitidine 300MG	\$0.1763
42	Cleocin T 1% Solution	Clindamycin PH 1% Solution	\$0.0895
43	Clozaril 100MG TAB	Clozapine 100MG TAB	\$1.8672
44	Vasotec 20MG TAB	Enalapril 20MG TAB	\$0.2141
45	Coumadin 5MG TAB	Warfarin 5MG TAB	\$0.3581
46	Zantac 150MG	Ranitidine 150MG	\$0.0981
47	Clozaril 25MG TAB	Clozapine 25MG TAB	\$0.6905
48	Vasotec 2.5MG TAB	Enalapril 2.5MG TAB	\$0.1174
49	Wellbutrin 75MG TAB	Bupropion 75MG TAB	\$0.3458
50	Coumadin 2MG TAB	Warfarin 2MG TAB	\$0.3402
51	Coumadin 1MG TAB	Warfarin 1MG TAB	\$0.3250
52	Wellbutrin 100MG TAB	Bupropion 100MG TAB	\$0.4612
53	Coumadin 4MG TAB	Warfarin 4MG TAB	\$0.3467
54	Coumadin 3MG TAB	Warfarin 3MG TAB	\$0.4408
55	Coumadin 2.5MG TAB	Warfarin 2.5MG TAB	\$0.3577
57	Acetic Acid 0.0025 SOL	Acetic Acid 0.0025 SOL	\$0.0857
58	D5W 1/2 NS (Dextrose 5% in water w/ 1/2% normal saline) SOL	D5W 1/2 NS (Dextrose 5% in water w/ 1/2% normal saline) SOL	\$0.0161
60	Hytrin 2MG CAP	Terazosin 2MG CAP	\$0.2599
61	Coumadin 7.5MG TAB	Warfarin 7.5MG TAB	\$0.5615
62	Coumadin 6MG TAB	Warfarin 6MG TAB	\$0.6098
63	Tenex 1MG TAB	Guanfacine 1MG TAB	\$0.1969
66	Hytrin 5MG CAP	Terazosin 5MG CAP	\$0.2513
67	Atrovent 0.0002 INH SOL Vial	Ipratropium 0.0002 INH SOL Vial	\$0.1969
68	Aldactone 100MG TAB	Spironolactone 100MG TAB	\$1.1130
69	Hytrin 10MG CAP	Terazosin 10MG CAP	\$0.2434
71	Mysoline 250MG TAB	Primidone 250MG TAB	\$0.2820
72	Vicodin ES 7.5MG/750MG TAB	Hydrocodone/APAP 7.5MG/750MG TAB	\$0.0955
73	Xanax 2MG TAB	Alprazolam 2MG TAB	\$0.0641

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Table 1.1 State MAC Rates for Legend Drugs and Blood Factors

Drug Group	Brand Name	Generic Name	MAC Rate
75	Ativan 1MG TAB	Lorazepam 1MG TAB	\$0.1921
76	Motrin 600MG TAB	Ibuprofen 600MG TAB	\$0.0410
78	Flexeril 10MG TAB	Cyclobenzaprine 10MG TAB	\$0.5808
79	Klonopin 2MG TAB	Clonazepam 2MG TAB	\$0.1264
80	Glucotrol 10MG TAB	Glipizide 10MG TAB	\$0.0683
81	Tylenol with COD #4 60MG/300MG TAB	COD/APAP 60MG/300MG TAB	\$0.2911
82	Lasix 80MG TAB	Furosemide 80MG TAB	\$0.0528
83	Haldol 10MG TAB	Haloperidol 10MG TAB	\$0.1097
84	Tranxene 7.5MG TAB	Clorazepate Dipotassium 7.5MG TAB	\$0.3472
85	Glucotrol 5MG TAB	Glipizide 5MG TAB	\$0.0395
86	Ativan 2MG TAB	Lorazepam 2MG TAB	\$0.2974
87	Lomotil 2.5MG/0.025MG TAB	Diphenoxylate/Atropine 2.5MG/0.025MG TAB	\$0.1479
88	Sodium Chloride 0.009 SOL	Sodium Chloride 0.009 SOL	\$0.2220
89	Nizoral 200MG TAB	Ketoconazole 200MG TAB	\$0.6316
90	Coumadin 10MG TAB	Warfarin 10MG TAB	\$0.5740
91	Haldol 5MG TAB	Haloperidol 5MG TAB	\$0.0490
92	Proventil 0.83MG/ML INH SOL Vial	Albuterol .83MG/ML Solution	\$0.0721
93	Lorcet Plus 7.5MG/650MG TAB	Hydrocodone/APAP 7.5MG/650MG TAB	\$0.1708
94	Haldol 1MG TAB	Haloperidol 1MG TAB	\$0.0452
95	Tylox 5MG/500MG CAP	Oxycodone/APAP 5MG/500MG CAP	\$0.1768
98	Humibid-LA 600MG TAB	Guaifenesin-LA 600MG TAB	\$0.0617
99	Lortab 5MG/500MG TAB	Hydrocodone/APAP 5MG/500MG TAB	\$0.0973
100	Tranxene 3.75MG TAB	Clorazepate Dipotassium 3.75MG TAB	\$0.2376
101	Tagamet 400MG TAB	Cimetidine 400MG TAB	\$0.0850

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Table 1.1 State MAC Rates for Legend Drugs and Blood Factors

Drug Group	Brand Name	Generic Name	MAC Rate
102	Folic Acid 1MG TAB	Folic Acid 1MG TAB	\$0.0279
104	Tenormin 50MG TAB	Atenolol 50MG TAB	\$0.0226
105	Haldol 2MG TAB	Haloperidol 2MG TAB	\$0.0332
106	Haldol Decanoate 50MG SUS	Haloperidol Decanoate 50MG SUS	\$15.6200
107	Demerol 50MG TAB	Meperidine 50MG TAB	\$0.3730
108	Kwell 0.01 LOT	Lindane 0.01 LOT	\$0.1645
109	Tenex 2MG TAB	Guanfacine 2MG TAB	\$0.2879
110	Hytrin 1MG CAP	Terazosin 1MG CAP	\$0.3254
111	Intal 10MG/ML INH SOL Vial	Cromolyn Sodium 10MG/ML INH SOL Vial	\$0.1134
113	Nebcin 40MG/ML SOL	Tobramycin 40MG/ML SOL	\$1.0010
114	Demerol 100MG TAB	Meperidine 100MG TAB	\$0.7439
115	Mellaril 100MG TAB	Thioridazine 100MG TAB	\$0.1831
116	Calan-SR 240MG TAB	Verapamil-SR 240MG TAB	\$0.1920
117	Capozide 25MG/15MG TAB	Captopril/HCTZ 25MG/15MG TAB	\$0.1124
118	Fioricet 50MG/40MG/325MG TAB	Butalbital/Caffeine/APAP 50MG/40MG/325MG TAB	\$0.1255
120	DW, 5%, Solution (Dextrose in water) 0.05 SOL	DW, 5%, Solution (Dextrose in water) 0.05 SOL	\$0.1700
121	Kwell 0.01 SHAMPOO	Lindane 0.01 Shampoo	\$0.0755
122	Catapres 0.1MG TAB	Clonidine 0.1MG TAB	\$0.0607
124	Stelazine 10MG TAB	Trifluoperazine 10MG TAB	\$0.1705
125	KCL, 2MEQ/ML, Solution (KCL-Potassium Chloride) 2MEQ/ML SOL	KCL, 2MEQ/ML, Solution (KCL-Potassium Chloride) 2MEQ/ML SOL	\$0.6029
126	Percocet 5MG/325MG TAB	Oxycodone/APAP 5MG/325MG CAP	\$0.0693
128	Ativan 0.5MG TABLET	Lorazepam 0.5MG Tablet	\$0.1574
129	Micro-K 10MEQ Extencaps	Potassium CL 10MEQ CAP SA	\$0.1228
130	Imdur 30MG Tablet SA	Isosorbide MN 30MG TAB SA	\$0.3024
131	Imdur 60MG Tablet SA	Isosorbide MN 60MG TAB SA	\$0.1886

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Table 1.1 State MAC Rates for Legend Drugs and Blood Factors

Drug Group	Brand Name	Generic Name	MAC Rate
132	Lactulose 10GM/15ML Syrup	Lactulose 10GM/15ML Syrup	\$0.0152
133	Cardizem CD 240MG CAP SA	Diltiazem HCL 240MG CAP SA	\$1.4500
134	Amoxil 250MG/5ML Suspension	Aximocillin 250MG/5ML SUSP	\$0.0184
135	Dilantin 100MG Kapseal	Phenytoin SOD EXT 100MG CAP	\$0.2026
136	Cardizem CD 180MG CAP SA	Diltiazem XR 180MG CAP SA	\$1.0182
137	Depakene 250MG/5ML Syrup	Valproic Acid 250MG/5ML SYR	\$0.0336
138	Proventil 5MG/ML Solution	Albuterol 5MG/ML Solution	\$0.2206
139	Aldactone 25MG Tablet	Spirolactone 25MG Tablet	\$0.1759
140	Intal Nebulizer Solution	Cromolyn Nebulizer Solution	\$0.1554
141	Lopid 600MG Tablet	Gemfibrozil 600MG Tablet	\$0.1532
142	Amoxicillin 500MG Capsule	Amoxicillin 500MG Capsule	\$0.0913
143	Tylenol W/Codeine #3 Tablet	Acetaminophen/COD #3 Tablet	\$0.1406
144	Micronase 5MG Tablet	Glyburide 5MG Tablet	\$0.1602
145	Cardizem CD 300MG CAP SA	Diltiazem HCL 300MG CAP SA	\$1.8640
146	Xanax 0.25MG Tablet	Alprazolam 0.25MG Tablet	\$0.0260
147	Imuran 50MG Tablet	Azathioprine 50MG Tablet	\$0.5258
148	Pepcid 20MG Tablet	Famotidine 20MG Tablet	\$0.1700
149	Ditropan 5MG Tablet	Oxybutynin 5MG Tablet	\$0.0754
150	Motrin 800MG Tablet	Ibuprofen 800MG Tablet	\$0.0534
151	Ceclor 250MG/5ML Suspension	Cefaclor 250MG/5ML SUSPEN	\$0.1058
152	Desyrel 50MG Tablet	Trazodone 50MG Tablet	\$0.0821
153	Bactrim DS Tablet	Sulfamethoxazole/TMP DS TAB	\$0.1127
154	Dyazide 37.5/25 Capsule	Triamterene/HCTZ 37.5/25 CP	\$0.0944
155	Cardizem CD 120MG CAP SA	Diltiazem HCL 120MG CAP SA	\$0.8340
156	Megace 40MG Tablet	Megestrol 40MG Tablet	\$0.4171
157	Tenormin 25MG Tablet	Atenolol 25MG Tablet	\$0.0308
158	Cortisporin Ear Suspension	Neo/Polymyxin/HC Ear SUSP	\$0.8863
159	Methotrexate 2.5MG Tablet	Methotrexate 2.5MG Tablet	\$0.5992
160	Ticlid 250MG Tablet	Ticlopidine 250MG Tablet	\$0.5287
161	Lopressor 50MG Tablet	Metoprolol 50MG Tablet	\$0.0341

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Table 1.1 State MAC Rates for Legend Drugs and Blood Factors

Drug Group	Brand Name	Generic Name	MAC Rate
162	Desyrel 150MG Tablet	Trazodone 150MG Tablet	\$0.1916
163	Luvox 100MG Tablet	Fluvoxamine MAL 100MG TAB	\$1.8868
164	Vicodin TUSS Syrup	Hydrocodone/Guaifenesin SYR	\$0.0211
165	Lioresal 10MG Tablet	Baclofen 10MG Tablet	\$0.0515
166	Reglan 5MG Tablet	Metoclopramide 5MG Tablet	\$0.0964
167	Reglan 10MG Tablet	Metoclopramide 10MG TABLET	\$0.0629
168	Lortab Elixir	Hydrocodone W/APAP Elixir	\$0.0529
169	Prelone 15MG/5ML Syrup	Prednisolone 15MG/5ML Syrup	\$0.0860
170	Naprosyn 500MG Tablet	Naproxen 500MG Tablet	\$0.3654
171	Norco 10/325 Tablet	Hydrocodone/APAP 10/325 TAB	\$0.3896
172	Haldol Decanoate 100 VIAL	Haloperidol DEC 100MG/ML VL	\$32.2796
173	Lioresal 20MG Tablet	Baclofen 20MG Tablet	\$0.0905
174	Amoxil 125MG/5ML Suspension	Amoxicillin 125MG/5ML SUSP	\$0.0115
175	Westcort 0.2% Cream	Hydrocortisone 0.2% Cream	\$0.4554
176	Desyrel 100MG Tablet	Trazodone 100MG Tablet	\$0.0913
177	Duricef 500MG Capsule	Cefadroxil 500MG Capsule	\$1.0045
178	Cardura 4MG Tablet	Doxazosin Mesylate 4MG TAB	\$0.1656
179	Lactulose 10GM/15ML SOLN	Lactulose 10GM/15ML SOLN	\$0.0157
180	Luvox 50MG Tablet	Fluvoxamine Maleate 50MG TB	\$1.9286
181	Maxzide-25MG Tablet	Triamterene/HCTZ 37.5/25 TB	\$0.0871
182	Mycostatin 100000U/ML SUSP	Nystatin 100000U/ML SUSP	\$0.0353
183	Compazine 10MG Tablet	Prochlorperazine 10MG TAB	\$0.1532
184	Hydrodiuril 25MG Tablet	Hydrochlorothiazide 25MG TB	\$0.0092
185	Medrol 4MG Dosepak	Methylprednisolone 4MG TAB	\$0.1481
186	Tessalon Perle 100MG CAP	Benzonatate 100MG Softgel	\$0.2104
187	Glyname 6MG Prestab	Glyburide Micro 6MG Tablet	\$0.2934
188	Revia 50MG Tablet	Naltrexone 50MG Tablet	\$2.6398
189	Polytrim Eye Drops	Polymyxin B/TMP Eye Drops	\$0.3077
190	Depakene 250MG Capsule	Valproic Acid 250MG Capsule	\$0.1792
191	Plaquenil 200MG Tablet	Hydroxychloroquine 200MG TB	\$0.2393

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Table 1.1 State MAC Rates for Legend Drugs and Blood Factors

Drug Group	Brand Name	Generic Name	MAC Rate
192	Cleocin HCL 150MG Capsule	Clindamycin HCL 150MG CAPS	\$0.3414
193	Keflex 250MG Pulvule	Cephalexin 250MG Capsule	\$0.0778
194	Dilacor XR 240MG Capsule SA	Diltiazem XR 240MG Capsule	\$0.5688
195	Talwin NX Tablet	Pentazocine/Naloxone Tablet	\$0.6499
196	Betapace 80MG Tablet	Sotalol 80MG Tablet	\$0.4078
197	Tylenol W/Codeine Elixir	Acetaminophen/COD Elixir	\$0.0156
198	Elavil 25MG Tablet	Amitriptyline HCL 25MG TAB	\$0.0346
199	Peridex 0.12% Liquid	Chlorhexidine 0.12% Rinse	\$0.0082
200	ISMO 20MG Tablet	Isosorbide MN 20MG Tablet	\$0.2276
201	Ceclor 250MG Pulvule	Cefaclor 250MG Capsule	\$0.2869
202	Metoclopramide 5MG/5ML Syrup	Metoclopramide 5MG/5ML Syrup	\$0.0131
203	Cardura 2MG Tablet	Doxazosin Mesylate 2MG TAB	\$0.1516
204	Restoril 30MG Capsule	Temazepam 30MG Capsule	\$0.1006
205	Symmetrel 100MG Capsule	Amantadine 100MG Capsule	\$0.1175
206	Proventil 2MG/5ML Syrup	Albuterol SULF 2MG/5ML Syrup	\$0.0265
207	Restoril 15MG Capsule	Temazepam 15MG Capsule	\$0.0955
208	Lortab 10/500 Tablet	Hydrocodone/APAP 10/500 TAB	\$0.2706
209	Silvadene 1% Cream	Silver Sulfadiazine 1% Cream	\$0.0701
210	Septra Suspension	Sulfamethoxazole W/TMP SUSP	\$0.0130

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Table 1.1 State MAC Rates for Legend Drugs and Blood
Factors

Drug	Drug Name	MAC Rate
BF	Humate-P 500U Kit	\$1.8528
BD	Plasbumin-25 IV Solution	\$1.6800
BF	Monarc-M Vial 250-1100U	\$1.5708
BD	Albuminar-25 IV Solution	\$1.4856
BF	Helixate FS 1000IU Vial	\$1.4508
BF	Feiba VH Immuno 400-800U VL	\$1.3272
BD	Albutein 25% Vial	\$1.3200
BD	Albuminar-25 IV Solution	\$1.2720
BF	Humate-P 1000U Kit	\$1.1880
BD	Albumin 25% IV Solution	\$1.1040
BD	Albutein 25% IV Solution	\$1.0620
BF	Recombinate 220-400AHFU VL	\$1.0452
BF	Benefix 500IU Vial	\$0.9924
BF	Recombinate 801-1240AHFU VL	\$0.9900
BF	Novoseven 1200MCG Vial	\$0.9720
BF	Novoseven 4800MCG Vial	\$0.9720
BD	Plasbumin-25 IV Solution	\$0.9600
BF	Bioclata 401-800AHFU VL	\$0.9600
BF	Bioclata 801-1240AHFU Vial	\$0.9600
BF	Humate-P 2000U Kit	\$0.9552
BF	Recombinate 401-800AHFU VL	\$0.9480
BF	Benefix 1000IU Vial	\$0.9456
BF	Mononine 1000U Vial	\$0.9372
BF	Refacto 1000IU Vial	\$0.9264
BF	Hemofil-M 200-1500AHFU Vial	\$0.7392
BF	Monoclata-P 1000AHFU Kit	\$0.7116
BF	Alphanate 1000-1500AHFU VL	\$0.6900
BF	Monoclata-P 500AHFU Kit	\$0.6876

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Table 1.1 State MAC Rates for Legend Drugs and Blood
Factors

Drug	Drug Name	MAC Rate
BF	Monoclote-P 250AHFU Kit	\$0.6396
BF	Koate-HP 500AHFU Kit	\$0.6360
BF	Alphanate 250-500AHFU Vial	\$0.5400
BD	Plasmatein 5% IV Solution	\$0.1920
BD	Plasmatein 5% IV Solution	\$0.1920

LSA document no. 01-372(F)

TITLE 405 OFFICE OF THE SECRETARY OF FAMILY AND SOCIAL SERVICES

Final Rule

LSA Document #01-372(F)

Digest

Amends 405 IAC 5-24-4 and 405 IAC 5-24-6 to revise reimbursement policy for pharmacy services in the Medicaid program, including adding a state maximum allowable cost schedule to the Medicaid reimbursement methodology for legend drugs. NOTE: 405 IAC 5-24-4 and 405 IAC 5-24-6 were amended by LSA Document 01-22(F), printed at 25 IR 60. However, that final rule was preliminarily enjoined pursuant to an order issued on October 9, 2001, in the Marion Superior Court, Cause No. 49D05-0109-CP-1480, and those changes not implemented. Note: Under IC 4-22-2-29(a)(2), LSA Document #01-303, printed at 25 IR 847, was consolidated with this document. Effective 30 days after filing with the secretary of state.

405 IAC 5-24-4

405 IAC 5-24-6

SECTION 1. 405 IAC 5-24-4, AS AMENDED AT 25 IR 60, SECTION 1, IS AMENDED TO READ AS FOLLOWS:

Authority: IC 12-8-6-5; IC 12-15-1-10; IC 12-15-21-2

Affected: IC 12-13-7-3; IC 12-15

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Sec. 4. (a) The office shall reimburse pharmacy providers for covered legend drugs at the lowest of the following:

- (1) The estimated acquisition cost (EAC) of the drug as of the date of dispensing, plus any applicable Medicaid dispensing fee.**
- (2) The maximum allowable cost (MAC) of the drug as determined by the Health Care Financing Administration under 42 CFR 447.332 as of the date of dispensing, plus any applicable Medicaid dispensing fee.**
- (3) The state maximum allowable cost (MAC) of the drug as determined by the office as of the date of dispensing, plus any applicable Medicaid dispensing fee.**
- ~~(3)~~ (4) The provider's submitted charge, representing the provider's usual and customary charge for the drug, as of the date of dispensing.**

(b) For purposes of this section, the Indiana Medicaid EAC is one of the following:

- (1) For brand name drugs, ~~ninety~~ eighty-six and one-half percent (90%) (86.5%)**
- (2) For generic drugs, eighty percent (80%) of the average wholesale price for each National Drug Code according to the Medicaid contractor's drug database file.**

(c) The state MAC is equal to the average actual acquisition cost per drug adjusted by a multiplier of at least 1.0. The actual acquisition cost will be determined using pharmacy invoices and other information that the office determines is necessary. The purpose of the multiplier is to ensure that the applicable state MAC rate is sufficient to allow reasonable access by providers to the drug at or below the established state MAC rate.

(d) OMPP will review state MAC rates on an ongoing basis, and adjust the rates as necessary to reflect prevailing market conditions and ensure reasonable access by providers to drugs at or below the applicable state MAC rate.

(e) Pharmacies and providers that are enrolled in the Indiana Health Coverage Programs (IHCP) are required, as a condition of participation, to make available and submit to the OMPP or its designee acquisition cost information, product availability information, or other information deemed necessary by the OMPP for the efficient operation of the pharmacy benefit within the IHCP in the format requested by the OMPP or its designee. Providers will not be reimbursed for this information and will submit information to the OMPP or its designee within 30 days following a request for such information unless the OMPP or its designee grants an extension upon written request of the pharmacy or provider. (Office of the Secretary of Family

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and Social Services; 405 IAC 5-24-4; filed Jul 25, 1997, 4:00 p.m.: 20 IR 3345;
readopted filed June 27, 2001, 9:40 a.m.: 24 IR 3822; filed Aug. 29, 2001, 9:50 a.m.
25 IR 60)

SECTION 2. 405 IAC 5-24-6, AS AMENDED AT 25 IR 60, SECTION 2, IS
AMENDED TO READ AS FOLLOWS:

405 IAC 5-24-6 Dispensing fee

Authority: IC 12-8-6-5; IC 12-15-1-10; IC 12-15-21-2; IC 12-15-21-3

Affected: IC 12-13-7-3; IC 12-15

Sec. 6. (a) For purposes of this rule, the Indiana Medicaid dispensing fee
maximum is four dollars **and ninety cents** ~~-\$4~~ (**\$4.90**) per legend drug.

(b) A maximum of one (1) dispensing fee per month is allowable per recipient
per drug order for legend drugs provided to Medicaid recipients residing in Medicaid
certified long term care facilities.

(c) The practice of split billing of legend drugs, defined as the dispensing of
less than the prescribed amount of drug solely for the purpose of collecting more
dispensing fees than would otherwise be allowed, is prohibited. In cases in which the
pharmacist's professional judgment dictates that a quantity less than the amount
prescribed be dispensed, the pharmacist should contact the prescribing practitioner for
authorization to dispense a lesser quantity. The pharmacist must document the result
of the contact and the pharmacist's rationale for dispensing less than the amount
prescribed on the prescription or in the pharmacist's records. (*Office of the Secretary
of Family and Social Services; 405 IAC 5-24-6; filed Jul 25, 1997, 4:00 p.m.: 20 IR
3345; readopted filed Jun 27, 2001, 9:40 a.m.: 24 IR 3822; filed Aug 29, 2001, 9:50
a.m.: 25 IR 60. [NOTE: On October 9, 2001, the Marion Superior Court issued an
Order in Cause No. 49D05-0109-CP-1480, enjoining the Family and Social Services
Administration from implementing LSA Document #01-22(F), published at 25 IR
60.]*)

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