

PHARMACY FACTS

Program Updates from Louisiana Medicaid

February 1, 2019

Medicaid single preferred drug list implementation planned for May

The transition to a single preferred drug list (PDL) for all managed care organizations (MCOs) and Medicaid fee-for-service remains on schedule for a May 1, 2019 implementation date.

Medicaid is actively working toward the May go-live date, including the necessary state rulemaking and amendments to our state plan with CMS. The changes to the pharmacy program will also include a change in the dispensing fee and a change in the ingredient cost methodology from the average acquisition cost (AAC) to the national average drug acquisition cost (NADAC). Although the dispensing fee and NADAC changes are only applicable to fee-for-service Medicaid, MCOs are mandated (through legislation) to reimburse local pharmacies at the fee-for-service rate.

Additional background on the single PDL can be found in previous editions of [Pharmacy Facts](#).

Pharmacy co-payment changes scheduled for 2019, 2020

Beginning April 1, 2019, Medicaid will implement a temporary co-payment structure to comply with a CMS requirement that limits cost-sharing to no more than 5 percent of family income each month.

Currently, Louisiana Medicaid imposes no limit on the amount of pharmacy copays a recipient may pay. To comply with the federal 5-percent limit, Medicaid will use a new income-based copay tier from April 1 through December 31, 2019. This will establish a \$0 copay for all pharmacy claims for families with income less than or equal to \$800 a month. This income tier was developed using state fiscal year (SFY) 2018 data and is designed to eliminate all cost-sharing overpayments for this population in the short term.

Medicaid has begun systemic programming to provide a long-term solution to copay overpayments. The changes will automatically prevent copayments being charged over the 5-percent family threshold. This method will replace the income-based copay tier beginning January 1, 2020.

No action is required of pharmacy providers to effect these copay changes.

Pharmacy reimbursement and Louisiana Register notifications

In the January 2019 edition of the Louisiana Register, Medicaid published a Notice of Intent (NOI) for the pharmacy program's reimbursement changes from average acquisition cost (AAC) to the national average drug acquisition cost (NADAC). Because NADAC is equal to a drug's Federal Upper Limit (FUL), Medicaid originally intended to eliminate consideration of the FUL in the reimbursement methodology. This was included in the January notice.

Following more recent guidance from CMS, Medicaid will continue the use of FUL in its NADAC reimbursement method, as with AAC. This edit will be noted in a submission of a second NOI, to be published in the February 2019 edition of the Louisiana Register. The combination of both rule changes will allow the implementation of the reimbursement change to NADAC, which will be implemented on May 1, 2019.