

STATE OF LOUISIANA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1902 (A) OF THE ACT THAT ARE INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

| | | |
|-----------------|----------------------|----------------------------------------------------------------------------|
| <u>CITATION</u> | Medical and Remedial | <u>Prescription drugs, dentures, and prosthetic devices and Eyeglasses</u> |
| 42 CFR 447 | Care and Services | <u>Prescribed by a Physician Skilled in Diseases of the Eye, or by an</u> |
| Subpart I | Item 12.a. | <u>Optometrist.</u> |

Prescribed drugs are reimbursed as follows:

I. PROFESSIONAL DISPENSING FEE

The Department has established a professional dispensing fee which shall be reviewed periodically for reasonableness, and when deemed appropriate by Louisiana Medicaid, may be adjusted considering such factors as fee studies or surveys.

The pharmacy provider will be reimbursed at the appropriate ingredient cost plus the maximum allowable professional dispensing fee or the usual and customary charge, whichever is less

Professional Dispensing Fee Amount

1. The professional dispensing fee for drugs dispensed to Louisiana Medicaid enrollees will be \$10.99 per prescription.
2. The professional dispensing fee for drugs dispensed to Louisiana Medicaid enrollees and obtained through the Public Health Service 340B Program will be \$10.99 per prescription.

II. PHARMACY REIMBURSEMENT METHODOLOGY

Prescription drugs covered by Louisiana Medicaid shall be reimbursed according to the following:

Brand Name Drugs

Payment for single source drugs (brand name drugs) shall be based on the lower of:

1. National Average Drug Acquisition Cost (NADAC) plus the professional dispensing fee:
 - a. If the NADAC is not available, use the wholesale acquisition cost (WAC) plus the professional dispensing fee; or
2. the provider's usual and customary charges to the general public.

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Generic Drugs

Payment for multiple source drugs (generic drugs), other than drugs subject to “physician certifications”, shall be based on the lower of:

1. NADAC plus the professional dispensing fee:
 - a. If NADAC is not available, use the WAC plus the professional dispensing fee; or
2. Federal upper payment limits plus the professional dispensing fee; or
3. The provider’s usual and customary charges to the general public.

340B Purchased Drugs

Payment for self-administered drugs that are purchased by a covered entity through the 340B program shall be made at the 340B actual acquisition cost, which can be no more than the 340B ceiling price, plus the professional dispensing fee.

Drugs purchased outside of the 340B program, will be reimbursed using the methodology described in Section II, plus a professional dispensing fee.

Drugs acquired through the federal 340B drug pricing program and dispensed by 340B contract pharmacies are not covered.

Federal Supply Schedule Drugs

Drugs acquired at the Federal Supply Schedule (FSS) will be reimbursed at the FSS actual acquisition cost, plus the professional dispensing fee.

Nominal Price Drugs

Drugs acquired at Nominal Price (outside of 340B or FSS) will be reimbursed at their actual acquisition cost, plus the professional dispensing fee.

Indian Health Service All-Inclusive Encounter Rate

Pharmacy services provided by the Indian Health Service (IHS) or tribal facilities shall be included in the all-inclusive encounter rate.

Mail Order, Long-Term Care and Specialty Pharmacy

Drugs dispensed by mail order, long-term care (LTC) and/or specialty pharmacies (drugs not distributed by a retail community pharmacy) will be reimbursed using the brand/generic drug reimbursement methodology.

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Physician-Administered Drugs

Medicaid covered physician-administered drugs shall be reimbursed according to the applicable Louisiana Medicaid fee schedule. Periodic updates to the rates shall be made to ensure compliance with Section 1902(a)(30)(A) of the Social Security Act. At a minimum, annual updates shall be made to the rates for physician-administered drugs.

1. Physician Office Setting

Reimbursement for Medicaid covered physician-administered drugs in a physician office setting shall be established at the current Louisiana Medicare rate, which is average sales price (ASP) plus 6 percent, for drugs appearing on the Medicare file.

Reimbursement rates for physician-administered drugs in a physician office setting that do not appear on the Medicare file shall be determined utilizing the following alternative methods:

- a. Use of the wholesale acquisition cost (WAC) of the drug, if available.
- b. If there is no WAC rate available, the reimbursement rate will be 100 percent of the provider's current invoice for the dosage administered.

2. Outpatient Hospital Setting

Interim payment rate for claims is the hospital specific cost to charge ratio. Final payment is made during the cost report settlement process, at the percentage of allowable costs specified in the approved State Plan for the type of hospital and applicable dates of service. This applies to both 340B and regular drug stock in this setting.

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3. 340B Physician Administered Drugs

For those Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs) that are reimbursing using the encounter rate, reimbursement for 340B physician administered drugs will be encompassed in the all-inclusive rate. All other 340B physician administered drugs will be reimbursed in accordance with Section 2, Outpatient Hospital Setting.

Clotting Factor

Pharmacy claims for clotting factor will be reimbursed using the brand/generic drug reimbursement methodology.

Investigational or Experimental Drugs

Investigational or experimental drugs shall not be reimbursed by Louisiana Medicaid.

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