**Physician-administered Drugs**

Reimbursement for physician-administered drugs shall be one hundred five percent (105%) of the published wholesale acquisition cost (WAC) of the benchmark National Drug Code (NDC). For National Drug Codes without a published wholesale acquisition cost, the reimbursement for physician-administered drugs shall be one hundred six percent (106%) of the average sales price (ASP) payment amount as published by the Centers for Medicare and Medicaid Services (CMS). If neither the wholesale acquisition cost nor the average sales price are available, other pricing metrics may be used as determined by the office. The rates determined in accordance with this section shall be effective for services provided on or after May 1, 2010. These rates are published in provider bulletins, which are accessible through the agency's website. The State's website, www.indianamedicaid.com, allows providers access to all provider bulletins.

12.a. Prescribed Drugs

Provided with limitations.
Reimbursement is available for prescribed drugs as follows:

(1) Reimbursement is not available for any costs associated with unit of use packaging or unit dose packaging when the pharmacy provider repackages medications or any drug.
(2) A legend drug is covered by Indiana Medicaid if the drug is:
  (a) approved by the United States Food and Drug Administration;
  (b) not designated by the Centers for Medicare and Medicaid Services (CMS) as less than effective, or identical, related, or similar to a less than effective drug;
  (c) subject to the terms of a rebate agreement between the drug's manufacturer and the HCFA; and
  (d) not specifically excluded from coverage by Indiana Medicaid.
    The following are not covered by Indiana Medicaid:
    (i) anorectics or any agent used to promote weight loss.
    (ii) topical minoxidil preparations.
    (iii) fertility enhancement drugs.
    (iv) drugs when prescribed solely or primarily for cosmetic purposes.
(3) A non-legend drug is covered if the drug is on the over the counter (OTC) formulary found at http://in.mslc.com.
(4) Prior authorization is required for a brand name drug that:
  (a) is subject to generic substitution under Indiana law; and
  (b) the prescriber has indicated is "brand medically necessary" either orally or in writing on the prescription or drug order.
(5) In order for prior authorization to be granted for a brand name drug in such instances, the prescriber must:
  (a) indicate on the prescription or drug order, in the prescriber's own handwriting, the phrase "brand medically necessary"; and
  (b) seek prior authorization by substantiating the medical necessity of the brand name drug as opposed to the less costly generic equivalent. The prior authorization number assigned to the approved request must be included on the prescription or drug order issued by the prescriber or relayed to the dispensing pharmacist by the prescriber if the prescription is orally transmitted. The office may exempt specific drugs or classes of drugs from the prior authorization requirement, based on cost or therapeutic considerations. The exempt drugs are identified on the Preferred Drug List found at www.indianapbm.com.

In accordance with Section 4401 of P.L. 101-508 (Omnibus Budget Reconciliation Act of 1990), Indiana Medicaid will fully participate in the manufacturer rebate program. In doing so, all applicable provisions and restrictions of the legislation, as well as that of any subsequent rules and/or regulations, will be strictly adhered to. Specifically, Indiana Medicaid will reimburse for all rebating manufacturers' (as identified to the agency by CMS) products fully in accordance with the specifications of the legislation. The program will also adhere to all reporting requirements of the legislation.

12.a. Prescribed Drugs (Cont)

Supplemental Rebates--The State is in compliance with section 1927 of the Social Security Act. The state will cover drugs of federal rebate participating manufacturers. The state is in compliance with reporting requirements for utilization and restrictions to coverage. Pharmaceutical manufacturers can audit utilization data. The unit rebate amount is confidential and cannot be disclosed for purposes other than rebate invoicing and verification.

The state will be negotiating supplemental rebates in addition to the federal rebates provided for in Title XIX. Rebate agreements between the state and a pharmaceutical manufacturer will be separate from the federal rebates. A rebate agreement between the State and a drug manufacturer for drugs provided to the Medicaid program, submitted to CMS on August 3, 2004 and entitled, State of Indiana Supplemental Rebate agreement, has been authorized by CMS.

Supplemental rebates received by the State in excess of those required under the national drug rebate agreement will be shared with the federal government on the same percentage basis as applied under the national rebate agreement.

All drugs covered by the program, irrespective of prior authorization requirement, will comply with the provisions of the national rebate agreement.