

KANSAS MEDICAID STATE PLAN

Attachment 4.19-B
#12.a.
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Prescribed Drugs Methods and Standards for Establishing Payment Rates

Reimbursement to pharmacy providers is based upon agency-determined allowable product cost for covered drugs plus an agency-determined dispensing fee. The dispensing fee assigned to each pharmacy provider is \$3.40 per prescription or a rate established by the agency.

A vaccine administration fee of \$10.00 or rate as established by the Kansas Secretary of the Department of Social and Rehabilitation Services may be paid to pharmacy providers certified to administer vaccines. Proof of certification must be on file with Medicaid.

For services from January 1, 2010 through June 30, 2010, pharmacy payments will be reduced to reflect a .5% reduction in pharmacy expenditures for that period. The payment reduction is not a reduction on current rates, but is a reduction applied to the net Medicaid reimbursement after reductions for Medicare, other insurance, or any other third party liability payment. The 0.5% reduction is taken from the claim's net reimbursement amount prior to making the final payment to the provider.

Example Claim Calculation:

Billed Amount	100.00
Medicaid Fee Amount	40.84
Patient Liability/Cutback/Denied Amount	62.35
Payment Amount	38.65

The billed amount of 100.00 is reduced to the Medicaid allowed amount of 40.84. The difference of 59.16 will post to the cutback/denied amount field.

If there is a copay amount, it will also post to the cutback/denied amount field. For example, there is a 3.00 copay. Subtracting 3.00 from 40.84, results in a reduced allowed amount of 37.84.

Multiply the net Medicaid reimbursement amount of 37.84 times .5%. The resulting reduction is .19. The budget payment shortfall reduction is also posted to the denied/cutback field. The resulting payment amount is 37.65.

Summary:

Billed Amount	100.00
(Less) Contractual Write-off	(59.16)
Equals Medicaid Fee Amount	40.84
(Less) Copay	(3.00)
Subtotal	37.84
Budget Shortfall Payment Reduction	(.19)
Medicaid Payment	37.65

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