

KANSAS MEDICAID STATE PLAN

Attachment 4.19-B
#12.a., page 2

Prescribed Drugs
Methods and Standards for Establishing Payment Rates

The allowable drug product cost for determining reimbursement is based upon agency determinations which consider the aggregate upper limits of payment as defined in 42 C.F.R. Sec. 447.331 and 447.332, the State Maximum Allowable Cost (SMAC), or the estimated acquisition cost (EAC) as determined by the state for all drugs covered by the program. The estimated acquisition cost is determined by consideration of a specific drug product's probable acquisition cost or wholesale acquisition cost (WAC). If the WAC is utilized, 4.6% is added for brand name drugs and 8.6% is deducted for generic drugs to set the estimated acquisition cost as the reimbursable cost. Drugs for which there is no WAC, FUL or SMAC available will be reimbursed at invoice pricing.

In no case shall reimbursement for a prescription exceed the provider usual and customary charges for that prescription. Where payment to a provider is limited as a result of the usual and customary change, such reduction shall first be made to the cost of drugs dispensed.