OFFICIAL

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE OF NEW JERSEY
LIMITATIONS ON AMOUNT, DURATION AND SCOPE OF SERVICES PROVIDED TO THE CATEGORICALLY NEEDY

(h) preventive vaccines, biologicals and therapeutic drugs distributed to hospital clinics and/or community health centers by the New Jersey Department of Health and Senior Services;
(i) any preventive vaccines or biologicals available from the federal Vaccine-for-Children (VFC) program;
(j) Pharmaceuticals or prescription drugs whose use is to promote or enhance fertility;
(k) agents when used for anorexia or weight loss not used for the treatment of attention deficit hyperactivity disorders (ADHD);
(l) agents when used for cosmetic purposes, such as hair or eyelash growth;
(m)legend drugs used for the symptomatic relief of cough and cold for beneficiaries 21 years of age or older, unless associated with antibiotic use or chronic pulmonary diseases;
(n) legend drugs available over-the-counter for beneficiaries 21 years of age or older without prior authorization;
(o) hydrocodone/chlorpheniramine combination products without prior authorization;
(p) lipase inhibitors without prior authorization; and
(q) covered outpatient drugs which the manufacturer seeks to require as a condition of sale associated tests or monitoring services to be purchased exclusively from the manufacturer or its designee, unless authorized by the Commissioner.

Medicaid coverage of non-legend outpatient drugs for all eligible beneficiaries is limited to the following:

(a) spermicidal jellies and foams;
(b) antacids;
(c) oral antihistamines for beneficiaries under 21 years of age;
(d) ophthalmic antihistamine solutions;
(e) proton pump inhibitors; and
(f) smoking cessation products.

OFFICIAL

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE OF NEW JERSEY
LIMITATIONS ON AMOUNT, DURATION AND SCOPE OF SERVICES
PROVIDED TO THE CATEGORICALLY NEEDY**

For other drugs, an initial 30-days supply of medication may be dispensed by the pharmacy without prior authorization. During this 30-day period, the prescriber is contacted by the MEP Unit to request written justification for continuing drug therapy exceeding a PDUR standard. No payment shall be made beyond thirty (30) days without prior authorization. In emergencies, up to six (6) days supply of medication may be dispensed without prior approval.

In addition to the Mandatory Generic Drug Substitution and PDUR Programs, prior authorization is also required for anti-obesics or anorexics that may also be used for the treatment of Attention Deficit Hyperactivity Disorders (ADHD); methadone for pain management; and weight gain drugs.

The Medicaid agency does not provide coverage for the following outpatient drugs:

(a) prescriptions not for medically accepted indications as defined in Section 1927(k)(6) of the Social Security Act;
(b) experimental drugs;
(c) Methadone when used for the treatment of addiction;
    1. Coverage is provided for Subutex, Suboxone and Vivitrol for the treatment of substance abuse.
(d) Drug Efficacy Study Implementation (DESI) drugs;
(e) Drugs not covered by rebate agreements as defined in Section 4401 of OBRA '90 and Section 1927(a) of the Social Security Act;
(f) drugs for the treatment of erectile dysfunction, as set forth in 42 U.S.C. § 1396r-8(d)(2)(K), on and after January 1, 2006, unless such drugs are used to treat conditions other than sexual or erectile dysfunction and these uses have been approved by the Food and Drug Administration;
(g) any bundled drug service, unless authorized by the Commissioner;

OFFICIAL

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE OF NEW JERSEY
LIMITATIONS ON AMOUNT, DURATION AND SCOPE OF SERVICES
PROVIDED TO MEDICALLY NEEDY GROUPS
(Pregnant Women, Dependent Children, and the Aged, Blind or Disabled)

12(a) Pharmaceutical services

Pharmaceutical services for Medically **Needy** Groups are identical to the pharmaceutical services for the Categorically Needy, as set forth in Addendum to Attachment 3.1-A, pages 12(a) through 12(a).4.

OFFICIAL

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE OF NEW JERSEY
REIMBURSEMENT FOR PHARMACEUTICAL SERVICES

Payment for drugs shall be as follows:

1.16 Maximum Allowable Cost (Ingredient Cost) – legend drugs

(a) The Maximum Allowable Cost for legend drugs shall not exceed the lowest of the Estimated Acquisition Cost (EAC); the Federal Upper Limit FUL, as developed by CMS and supplied by the reference drug file contractor, the State Upper Limit (SUL) cost, as supplied by a SUL contractor; or the pharmacy's usual and customary charge.

1. The FUL or Maximum Allowable Cost (MAC) price for listed multi-source drugs is developed by CMS and supplied by the reference drug file contractor.

2. The SUL or State Maximum Allowable cost price for multi-source brand-name and multi-source drugs is developed by DMAHS and supplied by a SUL contractor.

i. The SUL includes only multi-source drugs that have been classified as therapeutically equivalent (A-rated) by the Food and Drug Administration (FDA).

ii. Drugs selected for assignment of a SUL must be available for **at least one other drug product which** is accessible for possible purchase by pharmacies practicing in New Jersey.

iii. The SUL is a State-determined upper payment limit that is 150% of the lowest pharmacy acquisition cost with the same generic name, strength and route of administration.

iv. Pharmacy acquisition cost based on data collected from providers of pharmaceutical services which includes drug acquisition costs and related information as required by the Department of Human Services.

3. For legend drugs not included in (a)1 above, the EAC is defined as the average wholesale price (AWP) for the National Drug Code (NDC) of the drug indicated in current national price compendia or other appropriate sources (such as the First Data Bank (FDB) reference drug file), and their supplements, less a volume discount of 17.5 percent.

(b) The volume discount shall be automatically deducted, regardless of prescription cost, by the fiscal agent, from the cost of each covered drug or device during claim processing by the New Jersey Medicaid Management Information System (NJMMIS).

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE OF NEW JERSEY
REIMBURSEMENT FOR PHARMACEUTICAL SERVICES

4. Pharmacies that provide ancillary computerized services to a long-term-care facility, such as, but not limited to updated patient profile records, medication/treatment records and physician order sheets are reimbursed an additional incremental capitation fee per Medicaid patient day.

5. Pharmacies that dispense drugs to a long-term-care facility from an on-site institutional pharmacy shall be reimbursed 75 percent of the capitation fees indicated in (a) above.

(b) Pharmacies using more than one drug delivery system in the same long-term-care facility shall receive capitation reimbursement based on the lowest priced distribution system supplied in that long-term-care facility.

1.20 Payments for Ingredient costs – long-term care

(a) The maximum charge to Medicaid for ingredient costs related to pharmaceutical services provided in a nursing facility, shall be equal to the lowest of:

1. EAC, as outlined in 1.16; or

2. The FUL or Maximum Allowable Cost (MAC) price for listed multi-source drugs as developed by CMS and supplied by the reference drug file contractor.

3. The SUL or State Maximum Allowable cost price for multi-source brand-name and multi-source drugs as developed by DMAHS and supplied by a SUL contractor.

i. The SUL includes only multi-source drugs that have been classified as therapeutically equivalent (A-rated) by the Food and Drug Administration (FDA).

ii. Drugs selected for assignment of a SUL must be available for **at least one other drug product which** is accessible for possible purchase by pharmacies practicing in New Jersey.

OFFICIAL

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE OF NEW JERSEY
REIMBURSEMENT FOR PHARMACEUTICAL SERVICES

iii. The SUL is a State-determined upper payment limit that is 150% of the lowest pharmacy acquisition cost with the same generic name, strength and route of administration.

iv. Pharmacy acquisition cost based on data collected from providers of pharmaceutical services which includes drug acquisition costs and related information as required by the Department of Human Services.

4. A provider's usual and customary charge for legend ingredient costs related to long-term care pharmacy services, which is defined as the charge for ingredient costs related to legend drugs provided to non-Medicaid residents in the same facility, based on the contract(s) between the long-term-care facility and the pharmacy provider.

(b) The cost of non-legend drugs is included in the long-term-care facility per diem rate.

(c) Providers of pharmaceutical services in nursing facilities are required, upon a request from the Division or its authorized agent, to provide documentation supporting their usual and customary charges, including any relevant contracts and/or agreements related to similar services provided in the same facility.

OFFICIAL

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE OF NEW JERSEY
REIMBURSEMENT FOR PHARMACEUTICAL SERVICES

1.22 Maximum Allowable Cost (Ingredient Cost) – non-legend drugs

(a) The Maximum Allowable Cost for non-legend drugs shall not exceed the lowest of the Estimated Acquisition Cost (EAC), as supplied by the reference drug file contractor; the State Upper Limit (SUL) cost, as supplied by a SUL contractor; or the pharmacy's usual and customary charge.

1. The SUL or State Maximum Allowable cost price for multi-source brand-name and multi-source non-legend drugs is developed by DMAHS and supplied by a SUL contractor.

   i. The SUL includes only multi-source drugs that have been classified as therapeutically equivalent (A-rated) by the Food and Drug Administration (FDA).
   ii. Drugs selected for assignment of a SUL must be available for at least one other drug product which is accessible for possible purchase by pharmacies practicing in New Jersey.
   iii. The SUL is a State-determined upper payment limit that is 150% of the lowest pharmacy acquisition cost with the same generic name, strength and route of administration.
   iv. Pharmacy acquisition cost based on data collected from providers of pharmaceutical services which includes drug acquisition costs and related information as required by the Department of Human Services.

2. For non-legend, the EAC is defined as the average wholesale price (AWP) for the National Drug Code (NDC) of the drug indicated in current national price compendia or other appropriate sources (such as the First Data Bank (FDB) reference drug file), and their supplements, less a volume discount of 17.5 percent. The EAC shall be established by State regulations.

(b) The volume discount shall be automatically deducted, regardless of prescription cost, by the fiscal agent, from the cost of each covered drug or device during claim processing by the New Jersey Medicaid Management Information System (NJMMIS).