

State OKLAHOMA

STATE	<u>OKlahoma</u>
DATE REC'D	<u>2-29-12</u>
DATE APPV'D	<u>5-24-12</u>
DATE EFF	<u>3-1-12</u>
FDA 179	<u>12-01</u>

A

Attachment 4.19-B
Page 7

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE**

6. Payment for prescribed drugs

(a) **Reimbursement.** Reimbursement for pharmacy claims is based on the sum of an estimate of the ingredient cost, plus a dispensing fee.

(b) **Ingredient Cost.** Ingredient cost is estimated by one of the following methods:

(1) **Maximum Allowable Cost.**

(A) The State Maximum Allowable Cost (SMAC) is established for certain products which have a Food and Drug Administration (FDA) approved generic equivalent. The SMAC is calculated using prices from pharmaceutical wholesalers who supply these products to pharmacy providers in Oklahoma. Pharmacies may challenge a specific product's SMAC price by providing a current invoice that reflects a net cost higher than the calculated SMAC price and by certifying that there is not another product available to them which is generically equivalent to the higher priced product.

(B) The Federal Upper Limit (FUL) is established by CMS in accordance with applicable federal laws and regulations.

(C) **Injectable drugs which are dispensed by a pharmacy through the Vendor Drug Program.** Injectable drugs shall be priced based on a formula equivalent to the Medicare Part B allowed charge whether they are furnished through the pharmacy program or through the medical program. Medicare Part B pricing is calculated using Average Sale Price (ASP) plus 6%. When no ASP is available, the Wholesaler Acquisition Cost (WAC) methodology is used. Pricing is updated on a quarterly basis in correspondence with the updates to Medicare Part B pricing.

(2) **The Estimated Acquisition Cost.** The Estimated Acquisition Cost (EAC) means the agency's best estimate of the price generally and currently paid by providers for a drug marketed or sold by a particular manufacturer or labeler. EAC is calculated as Average Wholesale Price (AWP) minus 12%. The WAC means the price paid by the wholesaler for drugs purchased from the wholesaler's supplier. If AWP is not available from a pricing vendor, the agency will use the WAC as the benchmark price and the EAC will be calculated as WAC + 5.6%.

(c) **Allowable dispensing fee.** The allowable dispensing fee for prescribed medication is established by review of surveys. A recommendation is made by the State Plan Amendment Rate Committee and presented to the Oklahoma Health Care Authority Board for their approval. The allowable dispensing fee is \$4.02.

(d) **Reimbursement for prescription claims.** Prescription claims will be reimbursed using the lower of the following calculation methods:

(1) the lower of estimated acquisition cost, Federal Upper Limit (FUL), or State Maximum Allowable Cost (SMAC) plus a dispensing fee, or

(2) usual and customary charge to the general public.

Revised 03-1-12

TN# 12-01
Supersedes
TN# 03-15

Approval Date 5-24-12

Effective Date 3-1-12

SUPERSEDES: TN- 03-15