

S PRESCRIBED DRUGS

Prescribed drugs will be reimbursed based on an established product cost plus a dispensing fee. The payment for individual prescriptions cannot exceed the amount billed. The amount billed must be the usual and customary charge to the private pay patient. The following methodology is used to establish Medicaid payments:

Effective for claims adjudicated on or after February 18, 2012, except for special category fees, and in addition to a reasonable dispensing fee, reimbursement will be as follows.

If there is a Utah maximum allowable cost (UMAC), then the reimbursement is the lesser of the UMAC, Ingredient Cost Submitted, or the provider's usual and customary charge (billed charge) to the general public. Otherwise, reimbursement will be the lesser of the Ingredient Cost Submitted, Federal "Upper Limit", Utah estimated acquisition cost (EAC), or the provider's usual and customary charge (billed charge) to the general public.

Federal "Upper Limit"

The federal upper limit is the maximum allowable ingredient cost reimbursement established by the Federal government (e.g., Centers for Medicare and Medicaid Services (CMS), Department of Justice) for selected multiple-source drugs. The aggregate cost of product payment for the drugs on the federal upper limit list will not exceed the aggregate established by the Federal government.

Average Wholesale Price and Utah Wholesale Price

Either the Average Wholesale Price (AWP) or the UWP is determined for each drug through a Utah contract with a national pharmaceutical pricing data service. They provide a regular update of drug prices for the Reference File. When the pricing service does not provide AWP, Utah will convert Wholesale Acquisition Cost (WAC) data into UWP using an algorithm that results in pricing that is equivalent to AWP as follows.

- 1 When no AWP is available, WAC x 1.2.
- 2 When no AWP is available and no WAC is available, then Direct Price (DP) x 1.2.
- 3 When no AWP is available, and no WAC is available, and no DP is available, then Suggested Wholesale Price.

Utah MAC

Utah MAC is the Maximum Allowable Cost reimbursement established by the Utah Department of Health, Division of Health Care Financing, for selected multiple-source (generic) drugs not appearing on the federal upper limit list.

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S. PRESCRIBED DRUGS (Continued)

Utah EAC

Effective July 1, 2010, the EAC is AWP minus 17.4 percent.

For the period of July 1, 2011, through February 20, 2012, the EAC is UWP minus 17.4 percent.

Dispensing Fee

In setting the basic dispensing fee, the state will give consideration to costs shown on periodic operation surveys, in-house studies of dispensing costs, national and regional data, and economic trends and conditions. The Utah base dispensing fee is \$3.90.

Special Category Fees

1. Payment for insulin, birth control pills, and non-legend (OTC) drugs will be the lowest of
 - a. Billed charge;
 - b. EAC + special category fee C;
 - c. Utah MAC + special category fee C; or
 - d. AWP or UWP + special category fee not to exceed the maximum on the Federal upper limits list.
 - e. Special Category fee C = \$1.00

2. Payment for non-legend OTC antacid liquids will be the lowest of
 - a. Billed charge;
 - b. EAC + special category fee F;
 - c. Utah MAC + special category fee F; or
 - d. AWP or UWP + special category fee not to exceed the maximum on the Federal upper limit list.

Category fee F is calculated as follows: drug quantity ÷ package size x \$0.50

3. Differential fee payment for select drugs reconstituted for Home IV infusion as typically prepared by a specialty pharmacy. Specialty pharmacies have low volume but high overhead expenses. The Department of Justice (DOJ) in year 2000 re-priced the AWP for 437 NDC-specific products. The re-priced products necessitated four new dispensing fees. The four fees are defined as category J, category K, category L, and category M.

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PRESCRIBED DRUG SERVICES

LIMITATIONS

1. Effective January 1, 2006, outpatient drugs covered under Medicare Prescription Drug Benefit Part D for full-benefit dual eligible beneficiaries who are defined as individuals who have Medicare and full Medicaid coverage, will not be covered under Medicaid in accordance with SSA 1935(a).
2. Drugs excluded under Medicare Part D are not covered for dual eligible recipients, except for certain limited drugs which are provided in accordance with SSA, Section 1927(d)(2), to other Medicaid recipients including those who are full benefit dual eligible beneficiaries under the Medicare Prescription Drug Benefit Part D. These drugs are limited to include:
 - a. selected legend cough and cold agents used for symptomatic relief,
 - b. selected over-the-counter drugs from the following categories.

- Acne preps (benzoyl peroxides)
- Antacid liquids and tablets
- Anti-diarrheal preparations
- Anti-fungal preparations
- Antihistamines and antihistamine/decongestant combinations
- Contraceptive Drugs
- Cough Syrups
- Decongestants
- Fever reducers and pain relievers (NSAIDs)
- Hydrocortisone
- Insulins
- Laxatives
- Anti-Lice preparations
- Mucolytics with or without dextromethorphan
- Stomach acid reducers
- Topical antibiotic preparations

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PRESCRIBED DRUG SERVICES

LIMITATIONS (cont.)

- c. all barbiturates except butalbital containing products.
 - d. all benzodiazepines.
 - e. smoking cessation drugs.
- 3 Drug Efficacy Study Implementation Project Drugs (DESI Drugs) as determined by the FDA to be less-than-effective are not a benefit of the Medicaid program
 - 4 Other drugs and/or categories of drugs as determined by the Utah State Division of Health Care Financing and listed in the Pharmacy Provider Manual are not a benefit of the Medicaid program.
 - 5 In accordance with Utah Code 58-17b-606(4), when a multi-source legend drug is available in the generic form, reimbursement for the generic form of the drug will be made unless the treating physician demonstrates a medical necessity for dispensing the non-generic, brand-name legend drug. However, the Department of Health pharmacists may override the generic mandate provisions if a financial benefit will accrue to the state (See Utah Code 58-17b-606(5)).
 - 6 The Division shall implement a preferred drug list for selected therapeutic drug classes beginning August 1, 2007. The therapeutic classes will be selected and a preferred drug or drugs for each therapeutic class implemented at the discretion of the Division.

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