State of Mississippi

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

Prescribed Drugs

Medicaid pays for certain legend and non-legend drugs prescribed by a physician or other prescribing provider licensed to prescribe drugs as authorized under the program and dispensed by a licensed pharmacist in accordance with Federal and State laws.

The Mississippi Medicaid Prescription Drug Program conforms to the Medicaid Prudent Pharmaceutical Purchasing Program as set forth in the Omnibus Budget Reconciliation Act of 1990 (OBRA'90).

For beneficiaries under age 21, special exceptions for the use of non-covered drug items may be made in unusual circumstances when prior authorization is given by Medicaid.

1. Reimbursement Methodology

EAC (Estimated Acquisition Cost) is defined as the Division's estimate of the price generally paid by pharmacies for pharmaceutical products. EAC may be based on the Average Wholesale Price (AWP) or the Wholesale Acquisition Cost (WAC)).

A. Brand Name Drugs (single source, innovator multiple-source) – In reimbursing for brand name drugs Medicaid shall pay:

1) The lesser of:
   a) The provider's usual and customary charge; or
   b) The EAC for brand name drugs which is defined as the lesser of :
      i) AWP minus 15% plus a dispensing fee of $3.91; or
      ii) WAC plus 6% plus a dispensing fee of $3.91.
2) Less the applicable co-payment.

B. Multiple Source Generic Drugs - In reimbursing for multiple-source generic drugs Medicaid shall pay:

1) The lesser of:
   a) The provider's usual and customary charge; or
   b) The Federal Upper Limit (FUL), if applicable, plus a dispensing fee of $4.91*; or
   c) The EAC for multiple source drugs which is defined as AWP minus 35% plus a dispensing fee of $4.91; or
   d) The EAC for multiple source drugs with 3 or more manufacturers is defined as AWP minus 50%, plus a dispensing fee of $4.91*.

2) Less the applicable co-payment.

* The dispensing fee for prescriptions to beneficiaries in long-term care facilities for multi-source generic drugs is limited to $3.91.

C. Other Drugs

1. Reimbursement for covered drugs other than the multiple-source drugs with CMS upper limits shall not exceed the lesser of:
   a) The provider's usual and customary charge; or
   b) The EAC for other than multiple-source drugs which is defined as the lesser of :
      i) AWP minus 15% plus a dispensing fee of $3.91; or
      ii) WAC plus 6% plus a dispensing fee of $3.91.
   c) Less the applicable co-payment

2. Reimbursement for covered non-legend products or over-the-counter products is the lesser of:
   a) The provider's usual and customary charge; or
   b) The EAC for multiple source drugs which is defined as AWP minus 25% plus a dispensing fee of $3.91 or
   c) Less the applicable co-payment

2. Dispensing Fee

Dispensing fees are determined on the basis of surveys that are conducted periodically by the Division of Medicaid and take into account various pharmacy operational costs. Between surveys, the dispensing fee may be adjusted based on various factors (i.e., CPT, etc.). The dispensing fee of $3.91 for sole source drugs and $4.91 for multi-source drugs is paid for non-institutionalized beneficiaries. The dispensing fee paid for institutionalized beneficiaries is $3.91.

3. Usual and Customary Charge

The provider's usual and customary charge is defined as the charge to the non-Medicaid patient. The state agency obtains the provider's usual and customary charge from the pharmacy invoice. The accuracy of the usual and customary charge is validated by Division staff in the field who conducts on-site audits. Audits of prescription files and usual and customary fee schedules will be the means by which compliance with this stipulation is assured.

4. EPSDT

Prescribed drugs for EPSDT beneficiaries, if medically necessary, that exceed the limitations and scope for Medicaid beneficiaries, as covered in this Plan, are reimbursed according to the methodology in the paragraphs above.