

NOTICE OF PROPOSED CHANGES TO THE STATE MEDICAID PLAN RELATED TO PHARMACY SERVICES REIMBURSEMENT

The State Department of Social Services (DSS) proposes to submit an amendment to the Medicaid State Plan to the Centers for Medicare and Medicaid Services (CMS) within the U.S. Department of Health and Human Services. Under State Plan Amendment 12-026 will revise the reimbursement provisions for pharmacy services. This change is contingent upon CMS approval and will take effect on or after November 1, 2012.

Changes to Medicaid State Plan

Pursuant to Public Act 12-01, Section 18 (June Sp. Sess.), the Medicaid State Plan will be amended to reflect a new reimbursement methodology for brand name drugs dispensed by independent pharmacies. The Department intends to amend Attachment 4.19-B of the Connecticut Medicaid State Plan pertaining to pharmacy services as directed by the Connecticut Legislature. This amendment would reimburse independent pharmacies at a higher rate than is currently paid to Medicaid participating pharmacies. Legislation defines an “independent pharmacy” as a privately owned community pharmacy that has five or fewer stores in Connecticut. The reason for this change is a perceived difference in bargaining authority as between chain pharmacies and independent pharmacies that impedes independent pharmacies from negotiating comparable purchase prices for prescription drugs.

Fiscal Information – Estimated Annual Medicaid Expenditures

The Department estimates that this change will result in additional costs of \$1.66 million in SFY 2012 and \$1.76 million in SFY 2013.

Additional Information

In accordance with federal requirements governing the Medicaid program, the department will provide upon request copies of the proposed amendment to the Medicaid State Plan. In addition, copies of the proposed amendment may be obtained at each of the DSS regional offices and on the DSS web site: www.dss.state.ct.us. Go to “Publications” and then to “Updates”.

Written, phone, and e-mail requests should be directed to Patricia McCooey, Department of Social Services, 25 Sigourney Street, Hartford, CT 06106-5033 (Phone: 860-424-4873, Fax: 860-424-5799, E-mail: patricia.mccooey@ct.gov). Written comments must be submitted by November 15, 2012.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE CONNECTICUT

(a) Prescribed Drugs

1. With the exception of (a)2 and (a)3 below the cost of drugs is determined by the drug product allowance established by the Federal Upper Limit plus a professional Dispensing Fee of \$2.00; The State's estimated acquisition cost (E.A.C.) which is AWP –16% for a chain pharmacy and AWP – 14% for an independent pharmacy plus the professional Dispensing Fee; or the usual and customary charge to the general public, whichever is lower.
2. The maximum allowable cost paid for selected multi-source brand and generic drugs meeting the following criteria shall be the Average Wholesale Price (AWP) minus 72% plus the professional Dispensing Fee. If providers are not able to purchase such drugs at this rate, a stepped down maximum allowable cost tiered approach will be enforced with the maximum reimbursement set at AWP minus 20% plus the professional Dispensing Fee:
 - at least two suppliers of the generic product are available,
 - drug is not on the Federal Upper Limit (FUL) list or, and
 - all dosage forms (including tablets, capsules, eye drops, inhalers, topicals and liquids).
 - The Department uses a MAC Pricing Inquiry Worksheet for drugs on the MAC list. This worksheet allows providers to document difficulty in obtaining a specific drug for the MAC price set in this section. The MAC Pricing Inquiry Worksheet requires the provider to submit certain information to the Department, including the actual purchase invoice for the drug. If the information submitted demonstrates a provider's inability to purchase a drug for the MAC price using the tiered approach described above, the Department removes the drug from the MAC list and the price for that drug is based on the EAC, as described in (a)(1), above.
3. The maximum allowable cost paid for Factor VIII (Factorate, Antihemophilic Factor, AHF) pharmaceuticals shall be the Actual Acquisition Cost (AAC) plus eight per cent.

TN# 12-026

Supersedes

TN # 11-035

Approval Date _____

Effective Date: November 1, 2012