



FORWARDHEALTH

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PHARMACY TERMS OF REIMBURSEMENT

The Department of Health Services (DHS) will establish maximum allowable fees for all covered pharmaceutical items, disposable medical supplies (DMS), and Medication Therapy Management (MTM) services provided to Wisconsin Medicaid members eligible on the date of service. Maximum allowable fees may be adjusted to reflect reimbursement limits or limits on the availability of federal funding as specified in federal law (42 CFR s. 447.512).

All covered legend and over-the-counter drugs will be reimbursed at the lower of the Estimated Acquisition Cost (EAC) of the drug, plus a dispensing fee, or the provider's usual and customary charge.

The EAC of legend drugs, over-the-counter drugs, and diabetic supplies will be determined based on the following.

The DHS' best estimate of prices currently and generally paid for pharmaceuticals. Individual drug cost estimates will be based on either state Maximum Allowed Cost (state MAC), the expanded Maximum Allowed Cost (expanded MAC), or published wholesale acquisition cost.

Drug costs will be calculated based on the package size from which the prescription was dispensed, as indicated by the National Drug Code. The only exceptions are those drugs for which quantity minimums are specified by federal regulations and those drugs listed on the Wisconsin state MAC list.

The maximum allowable dispensing fee shall be based on allowed pharmacy overhead costs and determined by various factors, including data from previous cost of dispensing surveys, the Wisconsin state legislature's Medicaid budgetary constraints, and other relevant economic limitations.

The maximum allowable fees for DMS and MTM services shall be established upon a review of various factors. These factors include a review of usual and customary charges submitted to Wisconsin Medicaid; cost, payment, and charge information from companies that provide DMS and MTM services; Medicaid payment rates from other states; and the current Medicare fee schedule. Other factors taken into consideration include the Wisconsin state legislature's Medicaid budget constraints, limits on the availability of federal funding as specified in federal law, and other relevant economic and reimbursement limitations. Maximum allowable fees may be adjusted periodically.

Providers are required to bill their usual and customary charges for pharmaceutical items and for DMS and MTM services provided. The usual and customary charge is the amount charged by the provider for the same service when provided to non-Medicaid patients. Covered services shall be reimbursed at the lower of the provider's usual and customary charge or the maximum allowable fee established by the DHS. For providers using a sliding fee scale for specific services, the usual and customary charge is the median of the individual provider's charge for the service when provided to non-Medicaid patients.

Wisconsin Medicaid reimbursement, less appropriate copayments and payments by other insurers, will be considered to be payment in full.

The DHS will adjust payments made to providers to reflect the amounts of any allowable copayments that the providers are required to collect pursuant to ch. 49, Wis. Stats.

Payments for deductible and coinsurance payable on an assigned Medicare claim shall be made in accordance with s. 49.46(2)(c), Wis. Stats.

In accordance with federal regulations contained in 42 CFR 447.205, the DHS will provide public notice in advance of the effective date of any significant proposed change in its methods and standards for setting maximum allowable fees for services.

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