

PHARMACY TERMS OF REIMBURSEMENT

The Wisconsin 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 C.F.R. § 447.512).

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

The AAC of legend drugs and over-the-counter drugs will be determined based on the following:

- The actual prices currently and generally paid for pharmaceuticals.
- Individual drug cost will be based on either the National Average Drug Acquisition Cost (NADAC), or if NADAC is not available, the published Wholesale Acquisition Cost (WAC) or State Maximum Allowed Cost (SMAC), if available.

The following will also be reimbursed at AAC and providers are required to bill their AAC when they submit claims for these drugs:

- Drugs purchased through the 340B Drug Pricing Program
- Drugs purchased through the Federal Supply Schedule program
- Drugs purchased at nominal price

Diabetic supplies and specialty drugs not purchased through the 340B Drug Pricing Program will not be reimbursed at AAC, and will be reimbursed at the lower of the Estimated Acquisition Cost, plus a professional dispensing fee, or the provider's usual and customary charge.

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 SMAC list.

The maximum allowable professional dispensing fee shall be based on a variety of factors, including data from the cost of dispensing surveys, the Wisconsin state legislature's Medicaid budgetary constraints, federal law, and other relevant economic limitations. Provider participation in ongoing cost of dispensing surveys is mandatory, including annual attestations. Newly enrolled providers will automatically be assigned a professional dispensing fee reimbursement rate until the next annual attestation survey.

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 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.

Providers are required to bill their AAC when they submit claims for drugs purchased through the 340B Drug Pricing Program, drugs purchased through the Federal Supply Schedule program, or drugs purchased at nominal price. 340B covered outpatient drugs shall be reimbursed at the lower of the provider-submitted 340B AAC or the calculated 340B ceiling price.

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

The Department of Health Services will adjust payments made to providers to reflect the amounts of any allowable copayments that the providers are required to collect pursuant to Wis. Stat. ch. 49.

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

In accordance with federal regulations contained in 42 C.F.R. § 447.205, 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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Wisconsin
Department of Health Services