



TO: Pharmacy Providers

RE: Implementation of New Pharmacy Pricing Methodology Using National Average Drug Acquisition Cost (NADAC) Files and New Dispensing Fee

Effective April 1, 2017, the Connecticut Medical Assistance Program (CMAP) will increase the pharmacy professional dispensing fee and implement a new drug pricing methodology using National Average Drug Acquisition Cost (NADAC) files. This change is in compliance with the Patient Protection and Affordable Care Act of 2010.

Weekly NADAC files can be found on the Medicaid.gov Web site at <https://www.medicaid.gov/medicaid/prescription-drugs/pharmacy-pricing/index.html>.

Concurrent with the implementation of the NADAC pricing methodology, the State of CT Maximum Allowable Cost (MAC), established and published by the Department of Social Services (DSS) for certain multiple sourced drugs, will be discontinued.

Dispensing Fee

Effective April 1, 2017, a new professional dispensing fee will be established for each prescription paid on behalf of clients enrolled in CMAP. The dispensing fee paid to pharmacies will change from one dollar and forty cents (\$1.40) to ten dollars and seventy five cents (\$10.75). Additionally, the dispensing fee paid to 340B pharmacies will change from thirteen dollars (\$13.00) to ten dollars and seventy five cents (\$10.75).

As a reminder, dispensing fees are only paid on reimbursable pharmacy claims submitted with a National Drug Code (NDC) of a legend drug. A dispensing fee is not paid on claims submitted with an NDC of an Over-The-

Counter (OTC) medication/product or on claims where CMAP is not the primary payer.

The dispensing fee for compound prescriptions, defined as two or more drugs mixed together where at least one ingredient is a legend drug, shall be ten dollars and seventy five cents (\$10.75).

Coagulation Factor Drugs

Claims for Factor VIII drugs will continue to be priced by taking the actual acquisition cost from the submitted manufacturer's invoice plus an 8% markup. Effective April 1, 2017, this pricing methodology will also be applied to Factor VII, IX and X drugs, requiring inclusion of actual purchase invoice alongside the pharmacy claim. An additional dispensing fee of \$10.75 will be given.

Pharmacy Pricing

Pharmacy claims will be updated to price using NADAC values for dispense dates on or after April 1, 2017. Brand name single source and multisource drugs will reimburse at the Brand NADAC price while generic drugs will reimburse at the Generic NADAC price.

Claims for drugs without a NADAC price will reimburse at the lesser of the Federal Upper Limit (FUL) or the Wholesale Acquisition Cost (WAC) with the following exceptions, which will always reimburse at WAC:

- preferred brand name medications (as identified on the Preferred Drug List (PDL), and

- medications submitted with a Dispense as Written (DAW) Code of “1” (Substitution Not Allowed-Brand Medically Necessary), for all HUSKY A, HUSKY C, HUSKY D, TB AND FAMPL recipients.

OTC medications, with the exception of insulin and insulin syringes, will continue to reimburse at the Average Wholesale Price (AWP) and will continue to have no dispensing fee.

Additionally, vaccines used in mass inoculation, Total Parenteral Nutrition (TPN) products, enteral nutrition and diabetic supplies will continue to reimburse at AWP.

Information regarding NADAC and NADAC pricing can be found on the Medicaid.gov Web site or by clicking the links below:

- ❖ <https://www.medicaid.gov/medicaid-chip-program-information/by-topics/prescription-drugs/ful-nadac-downloads/nadacqa.pdf>
- ❖ <https://www.medicaid.gov/medicaid-chip-program-information/by-topics/prescription-drugs/ful-nadac-downloads/nadacmethodology.pdf>

Over-The-Counter (OTC) Medications

Effective April 1, 2017, all OTC medications will be subject to package size editing. Pharmacies attempting to dispense a partial package of an OTC drug will receive the following denial message: “Quantity billed does not equal package size”.