

Affected Programs: BadgerCare Plus, Medicaid, SeniorCare, Wisconsin Chronic Disease Program

To: Blood Banks, Dentists, Federally Qualified Health Centers, Individual Medical Supply Providers, Medical Equipment Vendors, Nurse Practitioners, Pharmacies, Physician Assistants, Physician Clinics, Physicians, Podiatrists, Rural Health Clinics, HMOs and Other Managed Care Programs

New Reimbursement Methodologies for Drugs and Diabetic Supplies

Effective for dates of service on and after October 1, 2011, ForwardHealth will no longer reimburse National Drug Codes using the Average Wholesale Price, but will use one of the following methodologies:

- Wholesale Acquisition Cost.
- Expanded Maximum Allowed Cost.
- State Maximum Allowed Cost.

Average Wholesale Price (AWP) is the current method used for calculating reimbursement for BadgerCare Plus, Wisconsin Medicaid, SeniorCare, and Wisconsin Chronic Disease Program (WCDP) for drugs and diabetic supply claims submitted with a National Drug Code (NDC). The AWP has been provided by First DataBank. First DataBank will cease publishing AWP in September of 2011. Therefore, effective for dates of service (DOS) on and after October 1, 2011, BadgerCare Plus, Medicaid, SeniorCare, and WCDP will be implementing new methods of reimbursement for drugs and diabetic supply claims submitted with an NDC.

Note: The AWP will be retained for claims and adjustments submitted with a DOS prior to October 1, 2011.

Effective for DOS on and after October 1, 2011, BadgerCare Plus, Medicaid, SeniorCare, and WCDP will use one of the following pricing methods on claims submitted with an NDC, including diabetic supplies:

- Wholesale Acquisition Cost (WAC).
- Expanded Maximum Allowed Cost (expanded MAC).

- State Maximum Allowed Cost (state MAC), previously known as MAC.

Wholesale Acquisition Cost

The Department of Health Services has established different estimated acquisition costs (EACs) for brand name drugs, generic drugs, and specialty drugs, including diabetic supplies, using WAC reimbursement.

Brand Wholesale Acquisition Cost

Effective for DOS on and after October 1, 2011, the brand WAC reimbursement rate for brand name drugs for BadgerCare Plus, Medicaid, SeniorCare, and WCDP prescriptions will be WAC plus two percent.

National Drug Codes will use the brand WAC reimbursement rate, brand dispensing fee, and brand copayment for either of the situations below:

- Situation 1:
 - ✓ The drug does not have a state MAC rate on file.
 - ✓ The NDC is defined by First DataBank as a brand name drug.
- Situation 2:
 - ✓ The drug has a state MAC rate on file.
 - ✓ The NDC is defined by First DataBank as a brand name drug.
 - ✓ The NDC is defined as an innovator and is billed with a Dispense As Written (DAW) code of 1 or 8.

National drug codes for diabetic supplies will use the brand WAC reimbursement rate, generic dispensing fee, and \$0.50 copayment, if the following apply:

- The NDC does not have a state MAC rate on file.
- The NDC is defined by First DataBank as a non-drug item.

Generic Wholesale Acquisition Cost

Effective for DOS on and after October 1, 2011, the generic WAC reimbursement rate for generic drugs for BadgerCare Plus, Medicaid, SeniorCare, and WCDP prescriptions will be WAC minus 3.8 percent.

National Drug Codes will use the generic WAC reimbursement rate, generic dispensing fee, and generic copayment if the following apply:

- The drug does not have a state MAC rate on file.
- The NDC is defined by First DataBank as a generic drug or non-drug item (excluding diabetic supplies).
- The NDC is not defined as an innovator.

Specialty Wholesale Acquisition Cost

Effective for DOS on and after October 1, 2011, specialty drug reimbursement will be converted from an EAC percent using AWP to a similar EAC percent based on the WAC.

Providers may refer on the Pharmacy page in the Provider area of the ForwardHealth Portal at www.forwardhealth.wi.gov/ for the revised Specialty Pharmacy Drug Reimbursement Rates data table.

Expanded Maximum Allowed Cost

If a federal legend or over-the-counter drug does not have a WAC rate assigned to it by First DataBank, an expanded MAC rate will be assigned. The expanded MAC will be determined by a third party vendor, Mercer.

National Drug Codes will use the expanded MAC reimbursement rate, brand dispensing fee, and brand copayment for either of the situations below:

- Situation 1:

- ✓ The drug does not have a WAC rate on file.
- ✓ The drug does not have a state MAC rate on file.
- ✓ The NDC is defined by First DataBank as a brand name drug.

- Situation 2:

- ✓ The drug does not have a WAC rate on file.
- ✓ The drug has a state MAC rate on file.
- ✓ The NDC is defined by First DataBank as a brand name drug.
- ✓ The NDC is defined as an innovator and is billed with a DAW code of 1 or 8.

National Drug Codes will use the expanded MAC reimbursement rate, generic dispensing fee, and generic copayment if the following apply:

- The drug does not have a WAC rate on file.
- The NDC is defined by First DataBank as a generic drug.

Providers may refer to the new Expanded Maximum Allowed Cost data table on the Pharmacy page on the Portal for a list of drugs that are subject to the expanded MAC rate. Providers should refer to the Portal frequently for changes to the Expanded Maximum Allowed Cost data table.

State Maximum Allowed Cost

Effective for DOS on and after October 1, 2011, MAC will be referred to as the state MAC. The state MAC policy is the same as current MAC policy. As a result of this change in terminology, the Maximum Allowed Cost data table will be referred to as the State Maximum Allowed Cost data table. For more information regarding state MAC policy, providers should refer to Online Handbook on the ForwardHealth Portal.

State Maximum Allowed Cost Drug Pricing Review Request

The State Maximum Allowed Cost Drug Pricing Review Request form, F-00030 (09/11), previously known as the Maximum Allowed Cost Drug Pricing Review Request (dated 03/10), has been revised. Effective for DOS on and after October 1, 2011, to request a review of state MAC

pricing, pharmacy providers are required to submit the revised State Maximum Allowed Cost Drug Pricing Review Request along with supporting documentation.

Previous versions of the Maximum Allowed Cost Drug Pricing Review Request will not be accepted on and after October 1, 2011.

Requests for pricing review will only be processed for drugs and diabetic supplies with a state MAC rate on file. Requests for pricing review will not be accepted for WAC and expanded MAC rates on file for an NDC.

A copy of the revised State Maximum Allowed Cost Drug Pricing Review Request form and completion instructions can be found in Attachments 1 and 2 of this *ForwardHealth Update*. This form can also be found on the Forms page of the ForwardHealth Portal.

Multiple Rates or No Rates on File

If an NDC has multiple rates (e.g., WAC, state MAC, and expanded MAC) on file and is a non-innovator, the NDC will be reimbursed at the lesser of the rates on file. A generic copayment and generic dispensing fee will be applied in this situation.

If an NDC does not have a WAC, state MAC, or expanded MAC rate on file, the claim will be denied with Explanation of Benefit (EOB) code 1178 (Service not reimbursable for Date[s] of Service). Providers should use the Drug Search Tool and the data tables on the Pharmacy Page of the ForwardHealth Portal to find NDCs with rates on file.

Explanation of Benefits

Providers will receive the following informational EOB codes on compound and noncompound drug claims to inform them which reimbursement method has been applied:

- 9900 (The NDC was reimbursed at a generic rate).
- 9948 (NDC was reimbursed at AWP rate).
- 9949 (NDC was reimbursed at SMAC rate).
- 9950 (NDC was reimbursed at EMAC rate).
- 9951 (NDC was reimbursed at brand WAC rate).

- 9952 (NDC was reimbursed at generic WAC rate)

Note: The above referenced “SMAC” means state MAC, and “EMAC” means expanded MAC.

Obsolete National Drug Codes

Effective for DOS on and after October 1, 2011, ForwardHealth will no longer reimburse NDCs with an obsolete date of two or more years. The obsolete date is reported by the manufacturer or by the Food and Drug Administration and provides the date that the product is not available to the marketplace due to the cessation of marketing, production, or distribution of the product. The obsolete date is not related to a product’s expiration date. The obsolete date provided to First DataBank is used to automatically update ForwardHealth.

Claims submitted with an obsolete NDC will deny with EOB code 2040 (NDC is obsolete for date of service). Providers should use the Drug Search Tool on the Pharmacy Page of the ForwardHealth Portal to find covered NDCs.

Terms of Reimbursement

Effective for DOS on and after October 1, 2011, the Pharmacy Terms of Reimbursement, F-01518, has been revised. Refer to Attachment 3 for the revised Pharmacy Terms of Reimbursement, which describes how Wisconsin Medicaid will reimburse providers for services rendered. The conditions outlined in the Terms of Reimbursement will automatically take effect; providers do not need to resubmit certification materials.

Information Regarding Managed Care Organizations

This *Update* contains fee-for-service policy for members enrolled in Medicaid and BadgerCare Plus who receive pharmacy services on a fee-for-service basis only. Pharmacy services for Medicaid members enrolled in the Program of All-Inclusive Care for the Elderly (PACE) and the Family Care Partnership are provided by the member’s managed care organization (MCO). Medicaid and BadgerCare Plus HMOs must provide at least the same benefits as those

provided under fee-for-service. Members who are enrolled in the WCDP only are not enrolled in MCOs.

This Update was issued on 09/20/2011 and information contained in this *Update* was incorporated into the Online Handbook on 10/05/2011.

The *ForwardHealth Update* is the first source of program policy and billing information for providers.

Wisconsin Medicaid, BadgerCare Plus, SeniorCare, and Wisconsin Chronic Disease Program are administered by the Division of Health Care Access and Accountability, Wisconsin Department of Health Services (DHS). The Wisconsin Well Woman Program is administered by the Division of Public Health, Wisconsin DHS.

For questions, call Provider Services at (800) 947-9627 or visit our Web site at www.forwardhealth.wi.gov/.

P-1250

ATTACHMENT 1

State Maximum Allowed Cost Drug Pricing Review Request Completion Instructions

(A copy of the “State Maximum Allowed Cost Drug Pricing Review Request Completion Instructions” is located on the following pages.)

FORWARDHEALTH STATE MAXIMUM ALLOWED COST DRUG PRICING REVIEW REQUEST COMPLETION INSTRUCTIONS

ForwardHealth requires certain information to enable the programs to certify providers and to authorize and pay for medical services provided to eligible members.

Personally identifiable information about providers is used for purposes directly related to program administration such as determining the certification of providers or processing provider claims for reimbursement. Failure to supply the information requested by the form may result in denial of payment for the services.

The use of the State Maximum Allowed Cost Drug Pricing Review Request form, F-00030, is mandatory when requesting a state maximum allowed cost (state MAC) drug pricing review. Requests for pricing review will not be accepted for Wholesale Acquisition Cost and expanded maximum allowed cost rates on file for a National Drug Code (NDC).

All elements are required unless otherwise noted.

SECTION I — PHARMACY INFORMATION

Element 1 — Name — Pharmacy

Enter the name of the pharmacy.

Element 2 — National Provider Identifier

Enter the 10-digit National Provider Identifier of the pharmacy.

Element 3 — Taxonomy Code (Optional)

Enter the taxonomy code assigned by ForwardHealth.

Element 4 — ZIP+4 Code — Practice Location (Optional)

Enter the complete ZIP+4 code associated with the practice service location on file with ForwardHealth.

Element 5 — Address — Provider

Enter the address (street, city, state, and ZIP+4 code) of the pharmacy.

Element 6 — Telephone Number — Provider

Enter the telephone number, including the area code, of the pharmacy.

Element 7 — Fax Number — Provider

Enter the fax number, including the area code, of the pharmacy.

Element 8 — Name — Contact Person

Enter the name of the primary contact person at the pharmacy.

SECTION II — PRODUCT AND PRICE INFORMATION

Element 9 — NDC

Enter the appropriate 11-digit NDC for each drug.

Element 10 — Drug Name

Enter the drug name.

Element 11 — Current State MAC Price

Enter the current state MAC price.

Element 12 — Net Cost

Enter the net cost of the drug (cost after rebates or discounts from wholesaler or other entity. This value may be lower than the invoiced price.)

Element 13 — Requested Effective Date

Enter the requested effective date for a state MAC pricing change.

Element 14 — Signature — Pharmacist

The pharmacist is required to complete and sign this form.

Element 15 — Date Signed

Enter the month, day, and year the form was signed in MM/DD/CCYY format.

ATTACHMENT 2
State Maximum Allowed Cost Drug
Pricing Review Request

(A copy of the "State Maximum Allowed Cost Drug Pricing Review Request" form is located on the following page.)

FORWARDHEALTH
STATE MAXIMUM ALLOWED COST DRUG PRICING REVIEW REQUEST

Instructions: The use of this form is mandatory to request the review of state Maximum Allowed Cost (MAC) pricing in the ForwardHealth drug index. Pharmacists are required to submit documentation to substantiate their actual net cost and sign the certifying statement below. Refer to the State Maximum Allowed Cost Drug Pricing Review Request Completion Instructions, F-00030A, for more information. Requests for pricing review will not be accepted for Wholesale Acquisition Cost and expanded MAC rates on file for a National Drug Code (NDC).

The completed form may be returned to the Drug Authorization and Policy Override Center via fax at (608) 250-0246 or by mail at the following address:

ForwardHealth
Drug Authorization and Policy Override Center
6406 Bridge Rd
Madison WI 53784-0088

SECTION I — PHARMACY INFORMATION

1. Name — Pharmacy	2. National Provider Identifier	3. Taxonomy Code	4. ZIP+4 Code — Practice Location
5. Address — Provider (Street, City, State, ZIP Code)			
6. Telephone Number — Provider	7. Fax Number — Provider	8. Name — Contact Person	

SECTION II — PRODUCT AND PRICE INFORMATION

9. NDC (11-Digit No.)	10. Drug Name	11. Current State MAC Price	12. Net Cost*	13. Requested Effective Date

Describe the reason for state MAC review (e.g., no generic available at state MAC price).

* I certify that the price listed on the documentation reflects the actual net costs after rebates or discounts from the wholesaler or other entity.

14. SIGNATURE — Pharmacist	15. Date Signed
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REMINDER: Attach a copy of documentation to verify any requests for price change.



ATTACHMENT 3

Pharmacy Terms of Reimbursement

(A copy of the "Pharmacy Terms of Reimbursement" is located on the following pages.)



FORWARDHEALTH

PROVIDER SERVICES
6406 BRIDGE ROAD
MADISON WI 53784

Scott Walker
Governor

Telephone: 800-947-9627
TTY: 711 or 800-947-3529

Dennis G. Smith
Secretary

State of Wisconsin
Department of Health Services

www.forwardhealth.wi.gov

PHARMACY TERMS OF REIMBURSEMENT

The Department of Health Services (DHS) will establish maximum allowable fees for all covered pharmaceutical items and disposable medical supplies (DMS) 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 Department of Health Services' 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 for those drugs for which quantity minimums are specified by federal regulations and for 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 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; 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 DMS. Covered supplies shall be reimbursed at the lower of the provider's usual and customary charge or the maximum allowable fee established by the DHS. Medicaid reimbursement, less appropriate copayments and payments by other insurers, will be considered to be payment in full.

Providers are required to bill their usual and customary charges for services provided. The usual and customary charge is the amount charged by the provider for the same service when provided to non-Medicaid patients. 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.