



State of New Jersey
Department of Human Services
Division of Medical Assistance & Health Services

NEWSLETTER

Volume 11 No. 05

January 2001

TO: Providers of Pharmaceutical Services - **For Action**
Health Maintenance Organizations - **For Information Only**

SUBJECT: **Additional Changes in Average Wholesale Prices**

EFFECTIVE: Claims with service dates on or after February 12, 2001

PURPOSE: To notify providers of pharmaceutical services of decisions by the New Jersey Division of Medical Assistance and Health Services (DMAHS) and the New Jersey Department of Health and Senior Services (DHSS) to (1) return average wholesale prices (AWPs) for all remaining National Association of Medical Fraud Control Units (NAMFCU) settlement drugs to pre-NAMFCU levels; and (2) price these claims based on the State's normal pricing formula.

BACKGROUND: The DMAHS/DHSS Newsletter Volume 10, No. 51, dated July 2000, notified providers of pharmaceutical services of new pricing procedures implemented by First Data Bank (FDB) as a consequence of the (NAMFCU) settlement. These pricing procedures significantly reduced AWP's for 50 drugs. The Newsletter provided a list of those drug products affected by the settlement. Providers were also notified of DMAHS/DHSS' decision to increase pharmacy reimbursement for these 50 drugs by eliminating the ten (10) percent volume discount normally applied to pharmacy claims.

The DMAHS/DHSS Newsletter Volume 10, No. 82, dated December 2000, notified providers of pharmaceutical services of the DMAHS/DHSS decision to return AWP's for 17 of the 50 drugs affected by the NAMFCU settlement to pre-NAMFCU levels.

As the result of a further decision by the Health Care Financing Administration (HCFA) to not require pricing using the new AWP's for Medicare for the remainder of the 50 drugs affected by the NAMFCU settlement, DMAHS and DHSS are returning the AWP's for these drug products to their original values (pre-NAMFCU); and are changing reimbursement so that it is based on the State's normal pricing formula.

ACTION: **Effective for claims with service dates on or after February 12, 2001**, reimbursement by the Medicaid, General Assistance (GA), Pharmaceutical Assistance to the Aged and Disabled (PAAD), AIDS Drug Distribution Program (ADDP) and Cystic Fibrosis (CF) programs for the drug products listed on the attachment shall be based on the lower of a pharmacy's usual and customary charge; or a drug's **AWP (pre-NAMFCU) less 10 percent** plus a dispensing fee of \$3.37 to \$4.07. A Maximum Allowable Cost (MAC) price shall continue to apply to these claims, if appropriate.

If you have any questions concerning this Newsletter, please contact the Chief, Pharmaceutical Services, DMAHS, at (609) 588-2724.

If you have any questions concerning the PAAD, ADDP or CF program, please contact the PAAD Pharmaceutical Consultant, at (609) 588-7034.

Attachment

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(BLUE TAB MARKED "5")**