



*Published by the  
N.J. Dept. of Human Services,  
Div. of Medical Assistance & Health Services  
& the N.J. Dept. of Health and Senior Services  
Div. of Senior Benefits and Utilization  
Management*

# NEWSLETTER

Volume 13 No. 51

July 2003

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

**SUBJECT:** **Changes in Reimbursement for State Pharmacy Claims**

**EFFECTIVE:** Fee-for-service (FFS) pharmacy claims with service dates on or after July 8, 2003

**PURPOSE:** To notify providers of FFS pharmaceutical services of a change in State policy regarding reimbursement for covered prescription drugs.

**BACKGROUND:** Currently, PAAD/Senior Gold regulations at N.J.A.C. 8:83E-1.5(d) and NJFC/Medicaid FFS regulations at N.J.A.C. 10:51-1.5(f) and 2.6 provide that the estimated acquisition cost (EAC) for State pharmacy claims shall be based on the lower of a drug's Average Wholesale Price (AWP) less a volume discount of 10 percent (plus dispensing fee, if applicable); the provider's usual and customary charge; or the drug's maximum allowable cost (MAC) plus dispensing fee, if appropriate.

In accordance with the State Fiscal Year (SFY) 2004 Appropriations Act, for State pharmacy claims with service dates on or after July 8, 2003, the EAC for State pharmacy claims not assigned a MAC price shall be based on the drug's AWP less a volume discount of 12.5 percent.

**ACTION:** **Effective for claims with service dates on or after July 8, 2003**, the EAC for State pharmacy claims shall be based on the lower of a drug's Average Wholesale Price (AWP) less a volume discount of 12.5 percent (plus dispensing fee, if applicable); the provider's usual and customary charge; or the drug's MAC price plus dispensing fee, if appropriate. **This policy change has no impact on the pharmacy dispensing fee.**

If you have any questions concerning this Newsletter, please do not hesitate to contact the Chief, Pharmaceutical Services, Division of Medical Assistance and Health Services, at (609) 588-2724.

If you have any questions regarding PAAD and/or Senior Gold, please contact the Director of PAAD, Division of Senior Benefits and Utilization Management, Department of Health and Senior Services, at (609) 588-7032.

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