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Newsletter

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

SUBJECT: **Changes in Fee-For-Service (FFS) Drug Benefit Reimbursement**

EFFECTIVE: Claims with service dates on or after July 1, 2010 and January 1, 2011

PURPOSE: To notify providers of pharmaceutical services of changes in FFS reimbursement for drug benefits provided by the New Jersey Division of Medical Assistance and Health Services (DMAHS) and the New Jersey Department of Health and Senior Services (DHSS) due to the adoption of the 2011 State Appropriations Act.

BACKGROUND: The State Fiscal Year (SFY) 2011 Appropriations Act requires that DMAHS and DHSS implement changes to FFS pharmacy reimbursement for clients eligible to receive drug benefits under the NJ FamilyCare/Medicaid and Work First New Jersey/General Assistance Programs, the Pharmaceutical Assistance to the Aged and Disabled Program, the Senior Gold Prescription Drug Discount Program, the Aids Drug Distribution Program and the Cystic Fibrosis Prescription Drug program.

ACTION:

1. Effective for FFS pharmacy claims with service dates on or after July 1, 2010, the following policy changes shall apply:

- Reimbursement for the cost of **single-source and multi-source brand-name legend and non-legend** drugs shall be determined based on the lesser of: (1) the Average Wholesale Price (AWP) less 17.5%; or (2) a pharmacy's usual and customary charge.
- Reimbursement for the cost of **multi-source legend and non-legend (generic) drugs** shall be determined based on the lesser of: (1) the AWP less 17.5%; (2) the federal Maximum Allowable Cost (MAC) price; or (3) a pharmacy's usual and customary charge.

2. Effective for FFS pharmacy claims with service dates on or after January 1, 2011,
the following policy changes shall apply:

- Reimbursement for the cost of **single-source and multi-source brand-name legend and non-legend** drugs shall be determined based on the lesser of: (1) the AWP less 17.5%; or (2) a pharmacy's usual and customary charge.
- Reimbursement for the cost of **multi-source legend and non-legend (generic) drugs** shall be determined based on the lesser of: (1) the AWP less 17.5%; (2) the federal MAC price; (3) the State Upper Limit (SUL) price; or (4) a pharmacy's usual and customary charge.

FFS pharmacy reimbursement for multi-source legend and non-legend (generic) drugs shall be based on a new SUL price, as assigned by the Division of Medical Assistance and Health Services. SUL prices shall be calculated at 150% of the lowest State Wholesale Acquisition Cost (SWAC) for the same drug, strength and route of administration. Additional information will be distributed to pharmacies prior to the implementation date of the SUL program.

These changes in reimbursement will not apply to pharmacy claims in which the State of New Jersey is the secondary payer to Medicare Part D.

If any questions regarding this Newsletter, please contact Molina Medicaid Solutions (formerly Unisys) Provider Services at (800) 776-6334.

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