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# Newsletter

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**TO:** Physicians, Podiatrists, Advanced Practice Nurses, Clinical Nurse Midwives, and Clinics – **For Action**  
Health Maintenance Organizations – **For Information Only**

**SUBJECT:** **Changes in Fee-For-Service (FFS) Reimbursement for Physician-Administered Drugs**

**EFFECTIVE:** Service dates on or after July 1, 2010 and January 1, 2011

**PURPOSE:** To notify all providers of changes in NJ FamilyCare (NJFC)/Work First New Jersey (WFNJ)/General Assistance (GA) reimbursement for physician-administered drugs.

**BACKGROUND:** The NJFC Newsletter Volume 19, No. 18, dated May 2009, notified providers that reimbursement for physician-administered prescription drugs shall not exceed the lower of drug costs paid to pharmacies, as determined annually by the State budget; or the Federal Upper Limit (FUL) price as determined by the Centers for Medicare and Medicaid Services (CMS).

The purpose of this Newsletter is to advise providers that the State Fiscal Year 2011 Appropriations Act changed reimbursement for pharmaceutical services, affecting NJFC/GA reimbursement for physician-administered drugs.

**ACTION:**

**1. Effective for claims with service dates on or after July 1, 2010**, reimbursement for physician-administered prescription drugs shall be based on the Average Wholesale Price (AWP) less 17.5%; the FUL price, if assigned; or **the physician's acquisition cost**, whichever is less.

**2. Effective for claims with service dates on or after January 1, 2011**, reimbursement for physician-administered prescription drugs shall be based on the Average Wholesale Price (AWP) less 17.5%; the FUL price, if assigned; the State Upper Limit (SUL) price, if assigned; or **the physician's acquisition cost**, whichever is less.

The SUL price, as assigned by the Division of Medical Assistance and Health Services, 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 providers prior to the assignment of SUL prices.

If any questions regarding this Newsletter, please contact Molina Medicaid Healthcare Solutions (formerly Unisys) Provider Services at 1-800-776-6334.

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