



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

NEWSLETTER

Volume 32 No. 07

March 2022

TO: Physicians, Hospitals, Federally Qualified Health Centers (FQHCs),
Independent Clinics, Family Planning Clinics, Advanced Practice Nurses –
For Action
Health Maintenance Organizations – **For Information Only**

SUBJECT: Reimbursement for Physician and Outpatient-Administered Drugs,
Including Long-Acting Reversible Contraceptive (LARC) Devices

PURPOSE: To clarify Fee-For-Service (FFS) reimbursement for physician and
outpatient-administered drugs, including Long-Acting Reversible Contraceptive (LARC)
Devices.

BACKGROUND: Physician and outpatient-administered drugs include drugs and
certain devices, other than vaccines, that are typically administered by a health care
provider in a physician's office or in a hospital or clinic outpatient setting. Physician and
outpatient-administered drugs are billed by reporting those HCPCS procedure codes
that have an active NDC, and an active CMS crosswalk to that NDC. Currently, these
include J0120 through J9999 (inclusive of J7296-J7298, J7300-J7301 and J7307 billed
for LARC devices), Q0144 through Q0181, Q4079 through Q4081, Q9945 through
Q9964, Q3025, Q3026, Q2009 Q5101, Q5103 through Q5108, Q5110 and Q5111. This
list is subject to change as new CMS crosswalks are established on a quarterly basis.

ACTION: A provider's actual drug acquisition cost (actual cost provider paid
to acquire the drug or LARC device) shall be billed as the submitted charge. For
a drug dispensed from 340B inventory or through another reduced-price
program, the submitted charge will reflect the 340B-related or other reduced-
price program acquisition price. Reimbursement for physician and outpatient-
administered drugs, including LARC devices, shall be the lowest price determined by
the payment formulas described below.

- a drug or LARC device's Wholesale Acquisition Cost (WAC) less a discount of
one (1) percent,
- the Federal Upper Limit (FUL) price for covered outpatient drugs (see
<https://www.medicaid.gov/medicaid/prescription-drugs/pharmacy-pricing/index.html>),
- the State Upper Limit (SUL) price for covered outpatient drugs (see
<http://www.njsul.com/>), or

- the actual drug acquisition cost, as billed in the submitted charge field (in the case of a drug dispensed from 340B inventory, this will be the 340B acquisition price).

When reporting a 340B drug or LARC device as a physician or outpatient-administered drug, providers must bill the appropriate HCPCS procedure code for the physician or outpatient-administered drug and the **new procedure code modifier “U8”**.

If you have any questions concerning this Newsletter, please contact Gainwell Technologies Provider Services at 1-800-776-6334.

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