

TO: Providers of Pharmaceutical Services

SUBJECT: Change in Pharmacy Reimbursement for Covered Prescription Drugs

EFFECTIVE: Claims with service dates on and after

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BACKGROUND: The New Jersey Division of Medical Assistance and Wholesale Price (AWP) of a drug less a sliding scale regression of 0 to 6 percent. The regression calculation is limited to pharmacy claims in which the calculated claim amount is less than or equal to \$24.99.

This policy applies to pharmacy services provided for the Medicaid program, the Pharmaceutical Assistance to the Aged and Disabled (PAAD) program, the General Assistance (GA) program, the Cystic Fibrosis Drug (CFD) program and the Aids Drug Distribution (ADD) program. In addition, this policy applies to retail pharmacy claims and claims submitted for pharmacy services provided to nursing facility clients.

In addition to claim payments, the Division reimburses certain pharmacies incentive payments of \$0.05 per Electronic Medium Claim (EMC) under the EMC Incentive program. This program was established by the Division to encourage electronic claim submission by Medicaid participating pharmacies.

As a result of funding limits established by the State Fiscal Year (SFY) 1995 Appropriations Act (P.L. 1994 c.63), the Division was required to closely review overall expenditures for covered services, including Medicaid and PAAD payments for pharmacy services. Based on this review, the Division is changing its current policy regarding reimbursement for covered prescription drugs.

ACTION: The Division is eliminating the \$24.99 ceiling related Medicaid, PAAD, GA, CFD and ADDP programs with dates of service on and after February 21, 1995 will be subject to the regression calculation regardless of the claim amount. This change shall apply to both retail pharmacy claims and claims for pharmacy services provided to nursing facility clients.

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NOTE: (1) The regression category assigned to a pharmacy by the Division shall continue to be based on a pharmacy's annual Medicaid and PAAD prescription volume.

(2) The regression categories and the regression percentages of 0 to 6 percent are unchanged as a result of this change in reimbursement policy.

In addition, EMC claims with service dates on and after February 21, 1995 will no longer be eligible for incentive payments under the Division's EMC Incentive program. As of this date, the incentive program shall be discontinued by the Division.

If you have any questions regarding this Newsletter, please contact the New Jersey Medicaid program's Chief, Pharmaceutical Services, at (609) 588-2724.

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