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Newsletter

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TO: Providers of Pharmaceutical Services

SUBJECT: **Maximum Charge Definition for Prescription Costs in Nursing Facilities**

EFFECTIVE: Claims with service dates on or after December 15, 1997

PURPOSE: To notify providers of pharmaceutical services regarding the adoption of a new rule which defines the maximum charge to Medicaid for prescription costs in nursing facilities.

BACKGROUND: On December 15, 1997, the Division of Medical Assistance and Health Services (DMAHS) is adopting a new rule which defines the maximum charge to the New Jersey Medicaid program for prescriptions provided to Medicaid beneficiaries residing in nursing facilities. This rule is intended to ensure that the DMAHS is afforded the opportunity to benefit from the "lower of" reimbursement principle realized in the retail pharmacy setting for similar services provided in nursing facilities.

ACTION: For claims with service dates on or after December 15, 1997, the maximum charge to the New Jersey Medicaid program for pharmaceutical services provided in a nursing facility, including the drug cost and related capitation fee, shall be equal to the lower of:

1. Maximum Allowable Cost (MAC) or the Estimated Acquisition Cost (EAC) plus capitation fee (see N.J.A.C. 10:51-2.7); or
2. A provider's usual and customary charge for long-term care pharmacy services, which is defined as the charge for legend drugs, including drug costs and related pharmaceutical services **provided to non-Medicaid residents in the same facility, based on terms within the same contractual agreement with the facility.**

In accordance with N.J.A.C. 10:51-2.5(d), providers of pharmaceutical services in nursing facilities are required, upon request by the DMAHS, or its authorized agent, to provide documentation supporting their usual and customary charges, including any relevant contracts and/or agreements related to similar services.

Providers are required to review their current contracts with nursing facilities to ensure their compliance with this requirement for any pharmaceutical services provided with service dates on or after December 15, 1997. Claim payments which are not in compliance with this requirement shall be subject to recoupment by the DMAHS.

If you have any questions regarding this Newsletter, please do not hesitate to contact the Chief, Pharmaceutical Services, DMAHS, at (609) 588-2724, or the Unisys Pharmacy Consultant at (609) 588-6039.

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