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Pharmacy Reimbursement Methodology Changes

On Jan. 11, 2016, the Centers for Medicare & Medicaid Services (CMS) notified the Division of Medical Assistance (DMA) that our State Plan Amendment (SPA14-047) had been reviewed and consistent with 42 CFR 430.20 was approved effective Jan. 1, 2016.

The approved SPA proposes that the state will use an average acquisition cost (AAC) reimbursement methodology to reimburse brand and generic drug ingredient costs. The National Average Drug Acquisition Cost (NADAC) will be used to determine the AAC when NADAC is available. If NADAC pricing is not available, the state will calculate the AAC as the Wholesale Acquisition Cost (WAC) + 0%. Reimbursement methodology will continue to include the lesser of NADAC, or WAC in absence of NADAC, the State Maximum Allowable Cost (SMAC) rate on file and the usual and customary (U&C) price submitted. The amendment also proposed that the state pay pharmacies a tiered dispensing fee as follows:

- $13.00 when 85% or more claims per quarter are for generic or preferred brand drugs,
- $7.88 when less than 85% of claims per quarter are for generic or preferred brand drugs and
- $3.98 for non-preferred brand drugs

DMA has posted a NADAC FAQ which may be referenced at NADAC FAQ.

This reimbursement methodology is tentatively scheduled for implementation into NCTracks on July 24, 2016.

Once programming is completed, pharmacy claims paid between Jan. 1, 2016 and when the updated reimbursement methodology is implemented into NC Tracks will be reversed and rebilled according to the updated reimbursement methodology.

Until then, pharmacies will continue to be paid according to the current reimbursement methodology. Pharmacies are advised that this may result in an initial overpayment. Once the reverse and rebilling process is completed, any difference will be recouped against future payments.

Product Withdrawals

On April 18, 2016, the FDA withdrew the approvals for **Advicor** (niacin-lovastatin) and **Simcor** (niacin-simvastatin) as announced in Federal Register Notice (Docket No. FDA-2016-N-1097) due to reasons of safety and effectiveness. As a result, First Databank (FDB) has obsoleted all Advicor and Simcor NDCs on the database. For more information, you can visit the Federal Register's website.

New Drug Safety Communication on Brintellix (vortioxetine)

Brand name **Brintellix** has changed to **Trintellix** to prevent confusion with the anti-platelet drug Brilinta (ticagrelor). FDB updated the obsolete dates of all Brintellix NDCs on May 6, 2016 to reflect May 3, 2016. Three new Trintellix NDCs were added to the database on May 4, 2016. The FDA safety announcement is available on their website:

New NDCs	Label Name	Date of Add
64764-0720-30 \ 64764072030	TRINTELLIX 5 MG TABLET	05/04/2016
64764-0730-30 \ 64764073030	TRINTELLIX 10 MG TABLET	05/04/2016
64764-0750-30 \ 64764075030	TRINTELLIX 20 MG TABLET	05/04/2016

Old NDCs	Label Name	Obsolete Date	Date Applied to Database
64764-0550-07 \ 64764055007	BRINTELLIX 5 MG TABLET	05/03/2016	05/06/2016
64764-0550-30 \ 64764055030	BRINTELLIX 5 MG TABLET	05/03/2016	05/06/2016
64764-0560-30 \ 64764056030	BRINTELLIX 10 MG TABLET	05/03/2016	05/06/2016
64764-0580-30 \ 64764058030	BRINTELLIX 20 MG TABLET	05/03/2016	05/06/2016

Update on Immunizations Provided by Pharmacists

On May 9, 2016, CMS notified DMA that they have approved our State Plan Amendment (SPA 16-0003) which allows pharmacists to provide covered vaccinations and immunizations (seasonal influenza vaccines, herpes zoster vaccine, hepatitis B vaccine, meningococcal vaccines, tetanus-diphtheria and tetanus and diphtheria toxoid vaccines) to NC Medicaid and Health Choice beneficiaries within the scope of their practice as legislated by G.S. 90-85.15B. It also allows NC Medicaid reimbursement for these covered vaccinations. While CMS approved our SPA effective Jan. 1, 2016, **this IS NOT programmed in NCTracks at this time**. DMA will communicate updated information as it becomes available.

72-hour Emergency Supply Available for Pharmacy Prior Authorization Drugs

Pharmacy providers are encouraged to use the 72-hour emergency supply allowed for drugs requiring prior authorization***. Federal law requires that this emergency supply be available to Medicaid recipients for drugs requiring prior authorization*** (Social Security Act, Section 1927, 42 U.S.C. 1396r-8(d)(5)(B)). Use of this emergency supply will ensure access to medically necessary medications.

The system will bypass the prior authorization requirement if an emergency supply is indicated. Use a ***"3"*** in the Level of Service field (418-DI) to indicate that the transaction is an emergency fill. ***Note: Copayments will apply and only the drug cost will be reimbursed. There is no limit to the number of times the emergency supply can be used.***

Federal Upper Limit Reimbursement List

The Federal Upper Limit (FUL) reimbursement rate does not cover the cost of certain drugs. Medicaid pharmacy programs are required to reference this reimbursement information when pricing drug claims. To receive adequate reimbursement, pharmacy providers may use the ***DAW1*** override to disregard the FUL reimbursement rate for the drugs listed on the FUL list until the FUL rate has been adjusted to adequately cover the cost of the drug.

As indicated in previous communications, use of the ***DAW1*** override code is monitored. A claim submitted for more than the SMAC rate on file may lead to an identifiable overpayment. Any difference between the SMAC rate on file for the date of service and the actual rate applied to the claim (***if higher***) may be considered an overpayment and subject to recoupment.

Listed below are **ONLY NEW ADDITIONS** since the previous month. The full list is available on the DMA Outpatient Pharmacy Services web page.

NDC	NAME
00168021630	ERYTHROMYCIN 2% GEL/ FOUGERA
54569481000	ERYTHROMYCIN 2% GEL/ A-S MEDICATION
40076031560	ERYGEL 2% GEL/PRESTIUM PHARMA
45802096694	ERYTHROMYCIN 2% GEL/ PERRIGO CO.
40076031530	ERYGEL 2% GEL/PRESTIUM PHARMA
40085031530	ERYTHROMYCIN 2% GEL/ RENAISSANCE
00168021660	ERYTHROMYCIN 2% GEL/ FOUGERA
40085031560	ERYTHROMYCIN 2% GEL/ RENAISSANCE
45802096696	ERYTHROMYCIN 2% GEL/ PERRIGO CO.
49999088730	ERYTHROMYCIN 2% GEL/ QUALITY CARE

Electronic Cutoff Schedule	Checkwrite Schedule
May 27, 2016	June 1, 2016
June 3, 2016	June 7, 2016
June 10, 2016	June 14, 2016
June 17, 2016	June 21, 2016

POS claims must be transmitted and completed by 11:59 p.m. on the day of the electronic cutoff date to be included in the next checkwrite.

The 2016 DMA checkwrite schedule is under **Quick Links** on the NCTracks Provider Portal home page.

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