
METHODS AND STANDARDS OF ESTABLISHING PAYMENT RATES - OTHER MEDICAL CARE
(Continued)

12 a. Prescribed Drugs

- (1) "Multiple Source" drugs are paid, as of 7/15/09, at the lowest of:
 - (a) AWP-14.2% + dispensing fee;
 - (b) CMS Federal Upper Limit (FUL) + dispensing fee;
 - (c) State Maximum Allowable Cost (MAC) + dispensing fee; or
 - (d) the Usual and Customary (U&C) (includes dispensing fee).
- (2) "Single-source" drugs are paid, as of 07/15/09, at the lower of:
 - (a) AWP-14.2% + dispensing fee; or
 - (b) Usual and Customary (U&C) (includes dispensing fee).
- (3) "Physician Certified as Brand Necessary" are paid, as of 07/15/09, at the lower of:
 - (a) AWP-14.2% + dispensing fee; or
 - (b) the Usual and Customary (U&C) (includes dispensing fee).
- (4) All compounded prescriptions must contain more than one ingredient, and:
 - (a) As of 07/15/09, ingredients will be priced at the lesser of AWP – 14.2%, the MAC, or the FUL (plus a dispensing fee).
 - (b) The ingredients' costs will be totaled and priced at the lesser of the calculated cost in (a) or the claim's U&C cost.
- (5) Effective January 1, 2011, for entities that are enrolled as 340B providers and are providing service to a covered entity, those prescriptions that are eligible for 340B pricing under the rules of the 340B program are paid the sum of the 340B acquisition cost and the 340B dispensing fee.

Effective July 1, 2009, the dispensing fee for all fills and refills will be:

- a. \$ 4.75 for Vermont pharmacies,
- b. \$19.75 for compounded prescriptions at Vermont pharmacies,
- c. \$2.50 for out-of-state pharmacies, and
- d. \$17.50 for compounded prescriptions at out-of-state pharmacies.

Effective January 1, 2011, the dispensing fee for all fills and refills for prescriptions that are eligible for 340B pricing under the rules of the 340B program will be:

- a. \$18.00, subject to a minimum dispensing fee of \$15.00 and a demonstration that dispensing fee payments in excess of \$15.00 do not exceed 10 percent of the difference between: 1) the sum of 340B acquisition costs and the minimum dispensing fees and 2) total payments that would have been made in accordance with the methodology described in this section for non-340B prescriptions less estimated pharmacy rebates, in aggregate within each reporting period.
- b. \$60.00 for compounded prescriptions, subject to a minimum dispensing fee of \$30.00 and a demonstration that dispensing fee payments in excess of \$30.00 do not exceed 10 percent of the difference between: 1) the sum of 340B acquisition costs and the minimum dispensing fees and 2) total payments that would have been made in accordance with the methodology described in this section for non-340B compounded prescriptions less estimated pharmacy rebates, in aggregate within each reporting period.

'MAC' is a commonly utilized acronym in prescription drug management, translating to 'maximum allowable cost'. MAC represents the highest price a pharmacy will be reimbursed for the dispensing of a specific dose and formulation of a generic medication when that medication is available from multiple manufacturers. The goal of MAC pricing is to establish a fair and equitable level of reimbursement for all pharmacies, while simultaneously assuring that our clients are paying the lowest possible cost for such drug products. For a MAC price to be established on any given product, there needs to be a minimum of three suppliers. This generally consists of the originator brand and at least two generic sources. MAC pricing is established through an in-

depth review of the prices paid by a typical pharmacy for the generic sources of the product. From there, a MAC price is established using a formula that ensures an adequate balance of low cost to our clients, yet a reasonable profit for the dispensing pharmacy.

Our MAC list is fully updated on a quarterly basis, with mid-quarter changes routinely taking place when significant pricing changes arise or when new generics enter the market from multiple generic manufacturers. We also commit to a more expeditious and aggressive updating of our MAC list when the generic exclusivity period expires on key products. This helps to avoid any substantial lost savings opportunity that may result from delays in MAC list updating.

Covered Entity: The statutory name for a facility and/or program eligible to purchase discounted drugs through the Public Health Service's 340B drug pricing program. Covered entities include federally qualified health center lookalike programs; certain disproportionate share hospitals, critical access hospitals, and sole community hospitals owned by, or under contract with, State or local governments; and several categories of facilities or programs funded by Federal grant dollars, including federally qualified health centers, AIDS drug assistance programs, hemophilia treatment centers, STD and TB grant recipients, and family planning clinics.

**340b Acquisition Cost is defined as the price at which the covered entity has paid the wholesaler or manufacturer for the drug, including any and all discounts that may have resulted in sub-ceiling prices.

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