

STATE OF VERMONT
AGENCY OF HUMAN SERVICES

OVHA

Office of Vermont Health Access

Bulletin No: 09-19 E

FROM: Susan Besio, Ph.D., Director *Susanne Besio*
Office of Vermont Health Access

DATE: 6/19/09

SUBJECT: Reduction in Payment for Prescription Ingredients

CHANGES ADOPTED EFFECTIVE: 7/15/09

INSTRUCTIONS

Maintain Manual - See instructions below.

Proposed Regulation - Retain bulletin and attachments
until you receive Manual Maintenance Bulletin

Information or Instructions - Retain until _____

MANUAL REFERENCE(S):

M813
3303.1 P.2

This emergency rule bulletin implements a change in the price of ingredients paid to pharmacists. This change represents the 2% rate reduction required by the state fiscal year 2010 budget for health care programs. [This change applies in all pharmacy programs where OVHA reimburses individual drugs based on the lesser of the federal upper limit (FUL), the state upper limit (State Maximum Allowable Cost (SMAC)), Average Wholesale Price (AWP) reduced by a percentage, or the pharmacy's usual and customary charge (U&C). This bulletin changes only the pages where the pricing appears in rule.]

In order to achieve the required savings with the least possible disruption in payments to providers and to services to beneficiaries, this change must occur in July. The essence of the emergency is the fiscal crisis facing the state. If a change is not made now by emergency rule, an even deeper change would be required in November using the non-emergency route. This deeper reduction would be needed in order to achieve savings for the entire fiscal year. If that happened, it could potentially have a significant enough effect on pharmacists that they might refuse to serve these patients, thus creating an access and health crisis for health care program beneficiaries.

Specific Changes to Rule Sections

Section	Description of Change
M813	The price for ingredients is changed to Average Wholesale price less 14.2%.
3303.1 P.2	The price for ingredients is changed to Average Wholesale price less 14.2%.

Comment Period

Written comments will be accepted until July 8, 2009 and should be addressed to Mary Gover, Reimbursement Administrator, Office of Vermont Health Access, 312 Hurricane Lane, Williston, Vermont 05495.

To get more information about the Administrative Procedures Act and the Rules applicable to state rule making go to the website of the Office of the Vermont Secretary of State at: <http://vermont-archives.org/aparules/index.htm> or call Louise Corliss at 828-2863

For information on upcoming hearing before the Legislative Committee on Administrative rules go to the website of the Vermont Legislature at: <http://www.leg.state.vt.us/schedules/schedule2.cfm> or call 828-5760.

Vertical lines in the left margin indicate significant changes. Dotted lines at the left indicate changes to clarify, rearrange, correct references, etc., without changing content.

Manual Holders: Please maintain manuals assigned to you as follows.

Manual Maintenance

Remove

Insert

Medicaid Rules

M813 (00-14)

M813 (09-19 E)

VHAP-Pharmacy Rules

3303.1 P.2 (08-22)

3303.1 P.2 (09-19 E)

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M813

M813 Payment Conditions

Medicaid payment rates are established for covered services. For certain services, a recipient co-payment may be required for a portion of the Medicaid rate (see Obligation of Recipients).

M813.1 Lower of Price for Ingredients Plus Dispensing Fee or Charge

Payment for prescribed drugs, whether legend or over-the-counter items, will be made at the lower of the price for ingredients plus the dispensing fee on file or the provider's actual amount charged which shall be the usual and customary charge to the general public.

M813.2 Price for Ingredients

Payment for the ingredients in covered prescriptions is made for two groups of drugs; multiple-source (i.e., therapeutically equivalent or generic drugs) and "other" drugs (i.e., brand name or drugs "other" than multiple-source).

(a) For multiple-source drugs, the price for ingredients will be the lowest of:

- (i) an amount established as the upper limit derived from a listing issued by the Health Care Financing Administration under the authority of Sec. 1902(a)(30)(A) of the Social Security Act, or
- (ii) an amount established as the upper limit by the Department, or
- (iii) 85.8 percent of the Average Wholesale Price (AWP less 14.2 percent).

(b) For "other" drugs, the price for ingredients will be 85.8 percent of the Average Wholesale Price (AWP less 14.2 percent).

When a physician certifies in his or her own handwriting that a specific brand of a multiple-source drug is medically necessary for a particular recipient, the price for ingredients will be calculated as for "other drugs". The physician's handwritten phrase "brand necessary" or "brand medically necessary" must appear on the face of the prescription.

M813.3 Compounded Prescriptions

Payment for compounded prescriptions is made at the lower of the actual amount charged or the price for ingredients plus the dispensing fee plus the compounding fee on file for each minute directly expended in compounding.

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3303.1 P.2

3303 Payment Conditions3303.1 Cost Sharing

The department requires all beneficiaries to pay a monthly premium of \$17.00 per person to enroll in the VHAP-Pharmacy program. The premium payment system applicable to VHAP-Pharmacy is described in M150 through M150.2.

3303.2 Lower of Price for Ingredients Plus Dispensing Fee or Charge

Payment for prescribed drugs, whether legend or over-the-counter items, will be made at the lower of the price for ingredients (see 3303.3) plus the dispensing fee on file or the provider's actual amount charged, which shall be the usual and customary charge to the general public.

3303.3 Price for Ingredients

Payment for the ingredients in covered prescriptions is made for two groups of drugs; multiple-source (i.e., therapeutically equivalent or generic drugs) and "other" drugs (i.e., brand name or drugs "other" than multiple-source).

- a. For multiple-source drugs, the price for ingredients will be the lowest of:
 1. an amount established as the upper limit derived from a listing issued by CMS, formerly the Health Care Financing Administration, under the authority of Sec. 902(a)(30)(A) of the Social Security Act, or
 2. an amount established as the upper limit by the Office of Vermont Health Access, or
 3. 85.8 percent of the Average Wholesale Price (AWP less 14.2 percent).

- b. For "other" drugs, the price for ingredients will be 85.8 percent of the Average Wholesale Price (AWP less 14.2 percent).