

## **Rule No. 560-X-16-.06 Reimbursement for Covered Drugs and Services**

(1) Medicaid pays for certain legend and non-legend drugs prescribed by practitioners legally licensed by the state of Alabama to prescribe the drugs authorized under the program and dispensed and/or administered by a licensed pharmacist or licensed authorized physician in accordance with state and federal laws as stated in Rule 560-X-16-.01.

A. Notwithstanding specific reimbursement described in this section, payment for covered outpatient drugs (both brand and generic) dispensed by a:

1. Retail community pharmacy
2. Specialty pharmacy
3. Long-term care or institutional pharmacy (when not included as an inpatient stay)
4. 340B eligible entities (including 340B contract pharmacies) not listed on the U.S. Department of Health and Human Services Health Resources & Service Administration (HRSA) 340B Drug Pricing Program Database
5. Indian Health Service, Tribal and Urban Indian pharmacy

Shall not exceed the lowest of:

- a. The Alabama Average Acquisition Cost (AAC) of the drug; when no AAC is available, the Wholesale Acquisition Cost (WAC)+ 0%, plus a professional dispensing fee of \$10.64,
- b. The Federal Upper Limit (FUL), plus a professional dispensing fee of \$10.64, or
- c. The provider's Usual and Customary (U&C) charge to the general public regardless of program fees.

B. Payment for blood clotting factor products will be the Average Sales Price (ASP) + 6% plus a professional dispensing fee of \$10.64.

C. For eligible 340B entities listed on the U.S. Department of Health and Human Services Health Resources & Service Administration (HRSA) 340B Drug Pricing Program Database, payment shall not exceed the entity's actual acquisition cost for the drug, as charged by the manufacturer at a price consistent with the Veterans Health Care Act of 1992, plus a professional dispensing fee of \$10.64.

D. For facilities purchasing drugs through the Federal Supply Schedule (FSS), payment shall not exceed the entity's actual acquisition cost for the drug, plus a professional dispensing fee of \$10.64.

E. For facilities purchasing drugs at Nominal Price, payment shall not exceed the entity's actual acquisition cost for the drug, plus a professional dispensing fee of \$10.64.

F. Physician Administered Drugs (PADs) are reimbursed at a rate of ASP+ 6%. For PADs that do not have a published ASP, the reimbursement is calculated based on published compendia pricing such as Wholesale Acquisition Cost (WAC). For PADs administered by 340 entities, payment shall not exceed the entity's actual acquisition cost for the drug.

G. Investigational drugs not approved by the FDA are not covered.

(2) Blood clotting factor products. In addition to providing blood clotting factor, providers of the Alabama Medicaid Agency are required to provide, at the minimum, clinically appropriate items and services to their hemophilia patients as outlined in Rule No. 560-X-16-.31.

(3) The pharmacist shall submit claims in the units specified on the prescription by the prescribing physician up to a 34-day supply. A three month supply is permitted for certain maintenance therapies. Payment for units greater than 34 days, unless otherwise permitted, may be recouped by Medicaid unless the pharmacist can provide documentation to support the units dispensed. Medications supplied in a dosage form that would prevent the dispensing of an exact 30 up to a 34-day supply for chronic medications, such as insulin, may require quantities that exceed the 34-day maximum and would not be subject to recoupment as long as the pharmacist can provide appropriate documentation.

(4) Dispensing Fees. A professional dispensing fee is set by the Agency. This fee is reviewed periodically, and when deemed appropriate by Medicaid, may be adjusted.

(5) Unless the designated amount of the original days' supply has been utilized or there is a documented consultation with the prescribing physician, only one dispensing fee is allowed for a 30 up to a 34-day supply of the same drug per month. For quantities up to a 34-day supply, the designated amount is ~~75% of the original days' supply~~ 85% of the original days' supply for opioids (both agonists and partial agonists) and 75% for all other drugs. For quantities greater than a 34-day supply, the designated amount is 90% of the original days' supply.

(6) Medicaid may reimburse for professional services provided by licensed pharmacists. Professional services may include vaccine administration, medication maintenance therapy adherence and other clinical services as designated by the Agency.

**Author:** Kelli D. Littlejohn, R.Ph., Pharm. D., Director, Clinical Services and Support.  
**Statutory Authority:** State Plan, Attachment 3.1-A and 4.19-B; Title XIX, Social Security Act; 42 CFR Section 447.205 & Section 447.331; Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508); Veterans Health Care Act of 1992 (Public Law 102-585).  
**History:** Rule effective October 1, 1982. **Amended:** October 29, 1987; December 10, 1987; April 14, 1992; November 12, 1993; April 12, 1996; November 12, 1997; and February 10, 1998. **Amended:** Filed March 19, 1999; Effective June 10, 1999. **Amended:** Filed March 20, 2002; effective June 14, 2002. **Amended:** Filed April 20, 2005; effective July 15, 2005. **Amended:** Filed July 20, 2007; effective December 14, 2007. **Amended:** Filed January 22, 2008; effective May 1, 2008. **Amended:** Emergency Rule filed and effective November 2, 2009. **Amended:** Filed November 18, 2009; effective February 15, 2010. **Amended:** Filed May 20, 2010; effective August 13, 2010. **Amended:** Filed November 19, 2010; effective March 1, 2011. **Emergency Rule:** Filed and Effective October 1, 2012. **Amended:** Filed December 11, 2012; effective January 15, 2013. **Amended:** Filed August 13, 2013; effective September 17, 2013. **Amended:** Emergency Rule filed and effective September 1, 2017. **Amended:** Filed November 13, 2017; effective December 28, 2017. **Amended:** Filed August 21, 2018.