



**STATE OF OKLAHOMA
OKLAHOMA HEALTH CARE AUTHORITY**

**Agenda
Rates & Standards Hearing
January 05, 2012
2:00 pm
Ponca Conference Room**

Rate issues to be addressed:

- Change to Calculation of Estimated Acquisition Cost for Pharmacy Reimbursement

DRAFT

State Plan Amendment and Rates Committee
Change to calculation of Estimated Acquisition Cost for pharmacy reimbursement

January 2012

1. Is this a rate change or a method change?

This is method change. In addition to using the current calculation for Estimated Acquisition Cost (EAC) of Average Wholesale Price (AWP) minus 12%, the State Plan would be amended to include an alternate calculation of Wholesale Acquisition Cost (WAC) plus 5.6%.

2. Is this change an increase, decrease or no impact?

The change has no impact on pharmacy reimbursement or the use of state or federal funds. AWP is calculated as $WAC + 20\%$. $AWP - 12\% = WAC + 5.6\%$.

3. Presentation of Issue

The change is being requested to ensure that a benchmark price is available for brand name drugs. First Data Bank, OHCA's pricing vendor, ceased publication of the AWP as of the end of September 2011. OHCA has contracted with another pricing vendor, MediSpan, to acquire AWP values. Either WAC or AWP may be missing for any given product; therefore, both should be included in the State Plan methodology for calculating the EAC.

4. Current Methodology/Rate Structure:

Currently, EAC is calculated as $AWP - 12\%$. As an example, for a prescription of 30 tablets, each with an AWP of \$1.20, the EAC is calculated as \$1.056 per tablet. The per tablet EAC is multiplied by the quantity of 30 tablets for an allowable ingredient cost of \$31.68.

AWP is calculated as $WAC + 20\%$. In the above example, $WAC = \$1$. $WAC + 5.6\% = \$1.056$, the same per tablet EAC from the above example.

5. Budget Estimate:

There is no expected budget impact since the two methodologies result in the same EAC value.

6. Estimated impact on access to care:

No impact is expected.

7. Requested change:

The agency requests approval of an additional calculation for the Estimated Acquisition Cost: Wholesale Acquisition Cost plus 5.6%, effective February 1, 2012.

8. Effective Date of Change:

February 1, 2012