



STATE OF OKLAHOMA  
OKLAHOMA HEALTH CARE AUTHORITY

SPARC Agenda  
November 9, 2016  
10:00 AM  
OHCA Board Room

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**Rate issues to be addressed:**

1. Pharmacy Reimbursement.....1-2



## PHARMACY REIMBURSEMENT

**1. IS THIS A RATE CHANGE OR A METHOD CHANGE?**

Rate and Method Change

**2. IS THIS CHANGE AN INCREASE, DECREASE, OR NO IMPACT?**

No Impact

**3. PRESENTATION OF ISSUE – WHY IS THIS CHANGE BEING MADE?**

CMS has published a regulation for pharmacy pricing. OHCA needs to take several actions to comply. The first is to align payment for covered outpatient drugs with the Actual Acquisition Cost (AAC) and create a new pricing term for specialty pharmaceutical products. The second is to modify the current dispensing fee to a professional dispensing fee which is added to the pharmacy claims paid at NON-I/T/U pharmacies. The third is to separate I/T/U claims and pay them at the federal OMB encounter rate.

**4. CURRENT METHODOLOGY AND/OR RATE STRUCTURE.**

All pharmacy claims whether from an I/T/U facility or not are currently paid as a dispensing fee of \$3.60 plus the lowest of Average Wholesale Price (AWP) – 12%, Wholesale Acquisition Cost (WAC) + 5.6%, State Maximum Allowable Cost (SMAC), or if lower than the sum of the above, the Usual & Customary (U&C) price to the general public.

**5. NEW METHODOLOGY OR RATE STRUCTURE.**

A – New ingredient cost methodology – instead of the current Estimated Acquisition Cost (EAC) which is set using the lower of Average Wholesale Price minus 12% or Wholesale Acquisition Cost + 5.6%, OHCA will set the ingredient cost at the Actual Acquisition Cost. This will be set using the National Average Drug Acquisition Cost (NADAC) supplied by CMS. When NADAC is not available, AAC will be set as WAC for brand name drugs and as the lower of State Maximum Allowable Cost (SMAC) or WAC for generic drugs. Specialty drugs not typically dispensed by retail community pharmacies will be reimbursed using a new pricing term, Specialty Pharmaceutical Allowable Cost (SPAC). SPAC will be set using the Medicare Part B price, WAC, and NADAC when available.

B – Professional Dispensing Fee – OHCA will set the Professional Dispensing Fee at \$10.55 per prescription. This rate is derived from the Oklahoma specific data from a national

**STATE PLAN AMENDMENT RATE COMMITTEE**

survey of the cost of dispensing. The rate has been inflated from 2013 data to reflect the 2016 value.

C – Indian Health Service/Tribal/Urban Indian Clinic (I/T/U) Pharmacy Providers –I/T/U pharmacies will be reimbursed at the OMB encounter rate which is set annually. The pharmacies will receive one fee per member per facility per day regardless of how many prescriptions are dispensed to the individual on that day.

**6. BUDGET ESTIMATE.**

The new pricing rule is expected to remain budget neutral, if not provide a small savings. Pharmacy claims for generic drugs will generally increase due to the increased dispensing fee and claims for brand drugs will generally decrease due to the decreased ingredient cost. This offset creates a neutral budget effect. The chart below shows examples:

Drug	Quantity	Current	Proposed	Difference
Cetirizine	30	\$6.62	\$12.25	\$5.63
Amoxicillin	30	\$8.13	\$12.93	\$4.80
ProAir Inhaler	1	\$59.58	\$61.78	\$2.20
Vyvanse	30	\$265.79	\$251.64	-\$14.15

**7. AGENCY ESTIMATED IMPACT ON ACCESS TO CARE.**

The OHCA does not anticipate any impact on access to care. The OHCA has taken appropriate measures and communicated with different stakeholder groups.

**8. RATE OR METHOD CHANGE IN THE FORM OF A MOTION.**

The Oklahoma Health Care Authority requests the State Plan Amendment Rate Committee approve the changes in pharmacy reimbursement, specifically the change from Estimated Acquisition Cost to Actual Acquisition Cost, to add the pricing term Specialty Pharmaceutical Allowable Cost, to set the Professional Dispensing Fee at \$10.55, and to set the rate for I/T/U pharmacy claims at the OMB encounter rate.

**9. EFFECTIVE DATE OF CHANGE.**

January 1, 2017