

**State Maximum Allowable Costs for Legend Drugs**--State MACs for legend drugs are developed and maintained as follows: The State MAC is equal to the average actual acquisition cost per drug adjusted by a multiplier of at least 1.0. The actual acquisition cost will be developed by using pharmacy invoices and other information that the Office determines is necessary. The purpose of the multiplier is to ensure that the applicable State MAC rate is sufficient to allow reasonable access by providers to the drug at or below the established State MAC rate. The Office of Medicaid Policy and Planning (OMPP) will review State MAC rates on an ongoing basis, and adjust the rates as necessary to reflect prevailing market conditions and ensure reasonable access by providers to drugs at or below the applicable State MAC rate.

Pharmacies and providers that are enrolled in the Indiana Health Coverage Programs (IHCP) are required, as a condition of participation, to make available and submit to the OMPP or its designee, acquisition cost information, product availability information, or other information deemed necessary by the OMPP for the efficient operation of the pharmacy benefit within the IHCP, in the format requested by the OMPP or its designee. This information will be used in the development and ongoing maintenance of the State MACs.

#### **Blood Factor Product Administered During an Inpatient Stay**

Blood factor products used during an inpatient hospital stay shall be paid based on the state maximum allowable cost (state MAC) rate for the blood factor products, effective for blood factor administered on or after October 12, 2008. Hospital providers shall submit claims for reimbursement in accordance with the instructions set forth in the Indiana health coverage programs manual or update bulletins.

#### **Selective Contracting Program**

Effective January 1, 2011, the State implemented a Selective Contracting Program for diabetic supplies. This program administers a preferred supply list of diabetic supplies for Indiana Medicaid members.

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**Medical Supplies, Equipment, and Appliances Suitable for Use in the Home****Medical Supplies**

Reimbursement for medical supplies is equal to the lower of the provider's submitted charges, not to exceed the provider's usual and customary charges, or the Medicaid allowable amount. The Medicaid allowable amount is the Medicaid fee schedule amount in effect on June 30, 2011. If this amount is not available, the Medicaid allowable shall be the amount determined as follows:

- (1) The Indiana Medicare fee schedule amount adjusted by a multiplier of eight-tenths (0.8), if available. If this amount is not available, then
- (2) The average acquisition cost of the item adjusted by a multiplier of one and two-tenths (1.2), if available. If this amount is not available, then
- (3) The manufacturer's suggested retail price adjusted by a multiplier of seven-and-one-half-tenths (.75).

All reimbursement for medical supplies provided on or after July 1, 2011, that has been calculated under methods described above shall be reduced by five percent (5%), except for blood glucose monitors, diabetic test strips, items with rates based on acquisition cost, and items with payment based on the manufacturer's suggested retail price. The 5% reduction will remain in effect through June 30, 2013.

Except as otherwise noted in the plan, state-developed fee schedule rates for these services are the same for both governmental and private providers. The agency's fee schedule rates are published on the agency's website at [www.indianamedicaid.com](http://www.indianamedicaid.com).

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