

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

*Policy and Methods for Establishing Payment Rates
(Other than Inpatient Hospital and Long Term Care Facilities)*

2. Drug Product Reimbursement

- a) Reimbursement for drug products is the lower of an Average Wholesale Price (AWP) minus discounts, a Maximum Allowable Cost (MAC), a Wholesale Acquisition Cost (WAC) markup or the provider's charge. The discount from AWP for chain pharmacies and pharmacies serving nursing facility beneficiaries is 15.1% or a Wholesale Acquisition Cost markup of 1.88% and the discount from AWP for independent pharmacies, including chains of fewer than five stores, is 13.5% or WAC markup of 3.80%.
- b) The State has established dispensing fees. Effective December 1, 2009, program reimbursement for long-term care pharmacies is the lesser of the standard dispensing fee (\$3.00) or the long-term care pharmacy's usual and customary fee. Program reimbursement for all other pharmacies (non long-term care) is the lesser of the standard dispensing fee (\$2.75) or the pharmacy's usual and customary fee. A dispensing fee of \$6.00 will be reimbursed to a pharmacy if the final dosage form is a cream, emulsion, nasal drops, ointments, or optic drugs. A dispensing fee of \$10.00 will be reimbursed to a pharmacy for compounded capsules, powders or suppositories.
- c) MAC Limits set by the State in aggregate are equal to or less than Federal Upper Limits, in compliance with federal law.
- d) Prior authorization is required for exception to MAC Limits.
- e) The optional Mail Order Pharmacy program reimburses a zero dollar (\$0.00) amount for the dispensing fee. Brand name drugs are reimbursed AWP minus 21%; generic drugs are reimbursed at the MAC Limits; and, non-MAC generic drugs are reimbursed AWP minus 52%.
- f) Medicaid enrolled pharmacy providers may bill for the injectable drug Synagis dispensed on or after January 1, 2005.

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