

Revised Submission 10.04.12

ATTACHMENT 4.19-B
Item 12a, Page 1 of 2

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State Nebraska

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES

PRESCRIBED DRUGS

Federal Upper Limit (FUL): Certain multiple source drug products will have an upper limit of reimbursement assigned by the Federal Government.

State Maximum Allowable Cost (SMAC): Certain drug products will have a state maximum allowable cost designated by the Division of Medicaid and Long-Term Care. The SMAC value is the cost at which the drug is widely and consistently available to pharmacy providers in Nebraska. The determination of which products are designated SMAC products is the direct responsibility of the Division of Medicaid and Long-Term Care. A pricing evaluation is done on all coverable generic products for a drug strength and dosage form. Outliers are eliminated and the average Wholesale Acquisition Cost (WAC) is derived as the base SMAC value. A review of Medicaid prices paid by other states is done as well as consultation with the Nebraska Pharmacists Association Medicaid Advisory Committee and a buying group to verify marketplace pricing prior to establishment of the final SMAC value. Any individual or organization may at any time request a revision in a SMAC value directly from the Department.

The Department notifies all pharmacies of products which have been designated as SMAC products and the respective SMAC values via the NE-POP system and on the Department's website.

Estimated Acquisition Cost (EAC): All drug products, including the FUL/SMAC products, will be assigned an estimated acquisition cost. The EAC of any product will be the average wholesale price (AWP) as published by the drug reference file utilized by the NE-POP system less eleven percent, or Wholesale Acquisition Cost (WAC) as published by the drug reference file utilized by the NE-POP system plus 6.8 percent. The Division of Medicaid and Long-Term Care will be responsible for assigning the EAC values to all drugs.

TN #. NE 12-05

Supersedes

TN #. MS-02-10

Approval Date OCT 24 2012

Effective Date MAR 30 2012

Revised Submission 10.04.12

ATTACHMENT 4.19-B
Item 12a, Page 2 of 2

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State Nebraska

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES

PRESCRIBED DRUGS (Continued)

Cost Limitations: The Nebraska Medicaid Drug Program is required to reimburse product cost at the lowest of:

1. Product cost (EAC or FUL or SMAC) plus the appropriate dispensing fee(s);
2. The pharmacy's usual and customary charge to the general public; or
3. Payment levels for all drugs will not exceed, in the aggregate, upper levels of reimbursement established by federal code or regulation.

The FUL or SMAC limitations will not apply in any case where the prescribing physician certifies that a specific brand is medically necessary. In these cases, the EAC will be the maximum allowable cost.

Dispensing Fees

"Assigned" Dispensing Fee: A dispensing fee of \$4.45 is assigned by the Department to each individual pharmacy. The fee is calculated from the information obtained through the Department's prescription survey. The Department notifies each pharmacy of its dispensing fee. If a pharmacy accepts a lesser fee from any other third party program, the Department may adjust its assigned dispensing fee to reflect this variance in total charge.

TN #. NE 12-05

Supersedes

TN #. MS-02-10

Approval Date OCT 24 2012

Effective Date MAR 30 2012