

Pharmacy Services

1. Legend Drugs - Payment is based on the lowest of:

- (A) For brand name drugs, AWP as of the date dispensed – 16% plus a \$3.00 dispensing fee
- (B) For generic drugs, AWP as of the date dispensed – 20% + a \$3.00 dispensing fee;
- (C) Applicable Federal Upper Limit (“FUL”) as established by CMS, as of the date dispensed, plus a \$3.00 dispensing fee;
- (D) Applicable State Maximum Allowable Cost (“State MAC”) as of the date dispensed, plus a \$3.00 dispensing fee;
- (E) The provider's usual and customary charge for the drug to the general public (which is the charge to be submitted to Indiana Medicaid), as of the date dispensed;

minus a recipient copayment amount, where applicable, as set out in Attachment 4.18-A.

The upper limit for a multiple source legend drug for which a specific FUL or State MAC has been established does not apply when a physician specifies the medical necessity of the brand name product by handwriting the words "Brand Medically Necessary" on the form, and obtains prior authorization for that specification.

2. Non-Legend (OTC) Drugs - Payment is based on the lower of:

- (A) One hundred fifty percent (150%) of:

The State maximum allowable cost for the OTC drug, as set out in the Medicaid Pharmacy Provider Manual and amendments thereto, in the quantity dispensed, as of the date dispensed, minus any applicable copayment amount; or
- (B) The provider's usual and customary charge for the OTC drug to the general public (which is the charge to be submitted to Indiana Medicaid), as of the date dispensed;

minus any applicable drug copayment amount.

OTC insulin is reimbursed at the estimated acquisition cost (EAC) of the drug, plus any applicable Medicaid dispensing fee. EAC is:

- (1) for brand name drugs, eighty-four percent (84%); or
- (2) for generic drugs, eighty percent (80%)

of the average wholesale price for each National Drug Code according to the Medicaid contractor's drug database file.

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