



THE STATE  
of **ALASKA**  
GOVERNOR SEAN PARNELL

Department of  
**Health and Social Services**

DIVISION OF HEALTH CARE SERVICES  
Director's Office

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August 5, 2013

Dear Tribal Health Leader,

On behalf of the Department of Health and Social Services (DHSS), I am writing to inform you of a proposed future Medicaid state plan amendment (SPA), in keeping with DHSS's responsibility to conduct tribal consultation.

**Pharmacy Services:** The Department intends to submit a SPA that would modify the current coverage of outpatient drugs and payments for the covered outpatient drugs and physician administered drugs. The SPA would also change a recipient's copay when applicable. These changes will affect IHS or tribal health providers and may impact IHS recipients that utilize pharmacy services through Alaska Medicaid. Below is a summary of the changes DHSS intends to submit in the SPA:

**Payment:** DHSS intends on changing the estimated acquisition cost for all providers, except providers that obtain medications through the 340B program or under a drug pricing program under Section 601, 602, or 603 of the Veterans Health Care act of 1992, including the Federal Supply Schedule, to the wholesale acquisition cost (WAC) plus one percent. Physician administered drugs will also be reimbursed at the WAC plus one percent.

Providers obtaining medications through the 340B program or under a drug pricing program under Section 601, 602, or 603 of the Veterans Health Care act of 1992, including the Federal Supply Schedule, will be required to submit a charge for no more than the actual acquisition cost of the medication plus their assigned dispensing fee. The changes to the reimbursement for medications obtained under a drug pricing program under Section 601, 602, or 603 of the Veterans Health Care act of 1992, including the Federal Supply Schedule, are being pursued because these drug pricing programs provide steep discounts to the acquisition cost of the drugs that is not captured in the reported benchmark prices and because the Department currently reimburses 340B pharmacies based on the acquisition cost.

DHSS also intends on changing the dispensing fees for a pharmacies. Pharmacies located on the road system will be assigned a dispensing fee of \$13.36 to be paid no more than once every 22 days per individual medication strength. Pharmacies not located on the road system will be assigned a dispensing fee of \$21.28 to be paid no more than once every 22 days per individual medication strength. The dispensing fee for an out of state pharmacy will be \$10.76 to be paid no more than once every 22 days per individual medication strength. The dispensing fee for



compounded prescriptions will be the assigned dispensing fee. Mediset pharmacies will be paid \$16.58 no more than once every 14 days per individual medication strength. A pharmacy located on the road system will be defined as a pharmacy located in a city, town, or village that is directly or indirectly connected to Anchorage by road.

DHSS intends on modifying many provisions to the pharmacy payment methodology, including changes to the coordination of benefits processing for pharmacy claims. DHSS intends on including language in the SPA to pay no more than the lesser of the difference between the Medicaid allowed amount less any cost sharing or the recipient's remaining liability amount less any required recipient cost sharing for claims where Medicaid is not the primary payer.

DHSS also intends on clearly defining the upper limit allowed for postage when medications are mailed to recipients. The tobacco cessation counseling fee will be defined as a set rate of \$16.00. Other add-on fees will be eliminated, including the mediset fee and the clozapine management fee.

DHSS also intends on revising the language regarding the state maximum allowable cost (SMAC). The revised language will allow DHSS to establish a SMAC for any covered drug. Changes to incorporate the possible addition of a SMAC price for a brand name drug will also be added into the payment methodology section of the state plan.

DHSS intends on adding language to clarify that DHSS will not pay more than a provider's usual and customary charges for a medication and revise the definition of what constitutes a usual and customary charge.

Copayments: DHSS intends on changing the copayments for covered medications to \$0.50 for each prescription that is filled or refilled with a payment for service of \$50.00 or less and \$3.50 for each prescription is filled or refilled with a payment for service of greater than \$50.00. This change is being pursued due to the information contained in the CMS Medicaid Cost Sharing Bulletin issued on September 30, 2011 defining the upper limit for copayments based on the cost of services. IHS recipients receiving prescriptions from an IHS or tribal pharmacy will still have no copay.

Coverage: DHSS intends to add and eliminate coverage for some over the counter and non-rebatable products. Coverage will be added for the following over the counter products: fexofenadine and cetirizine. Coverage will be eliminated for the following over the counter products: laxatives and bismuth preparations, clotrimazole and miconazole vaginal creams and suppositories, bacitracin ointment, ferrous sulfate and ferrous gluconate, calcium, omeprazole, vitamin A, Vitamin K, Vitamin D, vitamin analogs, B-complex vitamins, and fluoride preparations. Coverage will also be eliminated for all drugs that are not eligible for federal matching funds. A definition will also be added for what qualifies as a covered outpatient drug; drugs not meeting the definition of a covered outpatient drug would not be eligible for coverage.

Please provide any written comments or questions regarding this State Plan Amendment within 30 days of the date of this letter to Gennifer Moreau-Johnson, Alaska Department of Health and Social Services,

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4501 Business Park Blvd, Building L, Anchorage, Alaska 99503 or [gennifer.moreau-johnson@alaska.gov](mailto:gennifer.moreau-johnson@alaska.gov). Please also feel free to call if you would like to arrange a meeting or discuss this upcoming State Plan Amendment.

The SPA will be submitted after state regulations implementing the change have been noticed for public comment. Please note that DHSS cannot accept comments on the SPA as public comment on proposed regulations, nor can it accept public comment on proposed regulations as comment on the SPA. If you want to comment on both proposed regulation and SPA, you must do so separately.

Sincerely,



Gennifer Moreau-Johnson  
State Plan Coordinator

cc: William J. Streur, Commissioner  
Craig Christenson, Deputy Commissioner  
Renee Gayhart, Tribal Programs  
Margaret Brodie, Director