
12a. Prescribed Drugs

Payment is determined in accordance with 42 CFR §§447.512-518.

For drugs dispensed by ~~a retail community pharmacy, long term care pharmacy, or other~~ an outpatient pharmacy, payment is the lower of:

- 1) the actual acquisition costs of the drugs plus a professional dispensing fee;
- 2) the state-established maximum allowable cost, plus a professional dispensing fee if there is no actual acquisition cost; or
- 3) the wholesale acquisition cost minus 2 percent if there is no actual acquisition cost or maximum allowable cost, plus a dispensing fee; or
- 4) the provider's usual and customary charge to the general public.

The State agency establishes the actual acquisition cost as the lower of Minnesota Actual Acquisition Cost (MNAAC) or the ~~to equal the~~ National Average Drug Acquisition Cost (NADAC). For multiple source drugs, the actual acquisition cost is the lower of the MNAAC or the NADAC for the generic drug, but for multiple source drugs prescribed in accordance with 42 CFR § 447.512(c) the acquisition cost will be the lower of the MNAAC or NADAC for the brand drug.

Drugs purchased through the Federal Supply Schedule and drugs purchased at nominal price are reimbursed at actual acquisition cost plus the professional dispensing fee. Nominal price means a price that is less than ten percent of average manufacturer's price.

The state agency may establish a maximum allowable cost for drugs in instances where survey data indicates that pharmacies can purchase the drug at a price lower than NADAC or in instances that a NADAC or MNAAC price is not published. The maximum allowable cost shall reflect the acquisition cost of the drug, or for multiple source drugs, the acquisition cost of the generic drug except when prescribed in accordance with 42 C.F.R. § 447.512(c).

For drugs for which NADAC or MNAAC is not reported and the maximum allowable cost is not calculated, the agency establishes the actual acquisition cost to equal wholesale acquisition cost (WAC) minus two percent.

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The Department will calculate the actual acquisition cost of multiple ~~course~~ source drugs in conformity with the upper payment limits established under 42 C.F.R. § 447.512.

The State agency establishes the acquisition cost of drugs acquired through the federal 340B drug pricing program at the 340B ceiling price.

For drugs dispensed by an outpatient pharmacy and purchased through the 340B program, payment is the lower of:

- 1) the acquisition costs of the drugs plus a professional dispensing fee;
- 2) The MNAAC, plus a professional dispensing fee;
- 3) The NADAC, plus a professional dispensing fee;
- 4) the state-established maximum allowable cost, plus a professional dispensing fee if there is no acquisition cost, MNAAC or NADAC;—
- 5) the wholesale acquisition cost minus 2 percent, plus a dispensing fee if there is no acquisition cost, MNAAC, NADAC or maximum allowable cost; or
- 6) the provider's usual and customary charge to the general public.

For drugs administered in an outpatient setting, payment for prescription drugs is the lower of the provider's usual and customary charge to the general public, 106% of the average sales price, the MNAAC, or the maximum allowable cost set by the State Agency. If the average sales price, MNAAC, or maximum allowable cost is not available, payment will be the lower of the provider's usual and customary charge to the general public, or the wholesale acquisition cost, ~~or the maximum allowable cost set by the State Agency~~. For drugs acquired through the federal 340B drug pricing program, payment is equal to 71.4% of the payment amount calculated using the methodology described in this paragraph.

~~The rate for specialty pharmacy products is the maximum allowable cost set by the State Agency plus a professional dispensing fee of \$11.55 per prescription. The rate used is dependent upon the actual acquisition cost for the product. Specialty pharmacy products are those used by a small number of recipients or recipients with complex and chronic diseases that require expensive and challenging drug regimens.~~

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12a. Prescribed Drugs (continued):

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12a. Prescribed Drugs (continued):

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12a. Prescribed Drugs (continued):

With the following exceptions, the professional dispensing fee is \$11.55 per prescription, for prescriptions filled using drugs that meet the definition of "covered outpatient drugs" according to 42 U.S.C. § 1396r-8(k)(2).

The professional dispensing fee for intravenous drugs that require mixing by the pharmacist is \$11.55 ~~per bag~~.

The professional dispensing fee for over-the-counter drugs is \$11.55 for "covered outpatient ~~prescription~~ drugs" when dispensed in quantities equal to or greater than the manufacturer's package size. The dispensing fee is prorated based on the percent of the package dispensed when the pharmacy dispenses a quantity less than the manufacturer's package size.

The professional dispensing fee for prescribed over-the-counter drugs that are not "covered outpatient drugs" shall be \$3.65. The dispensing fee is prorated based on the percent of the package dispensed when the pharmacy dispenses a quantity less than the manufacturer's package size.

~~In addition, the State agency will receive a rebate for prescribed drugs in accordance with the manufacturer's contract with the Centers for Medicare & Medicaid Services.~~

The base rates as described in this item are adjusted by the following paragraph(s) of Supplement 2:

cc. Supplemental payment for medical education

d. MinnesotaCare Tax Adjustment (ingredient cost only)