



PHARMACY CHARGES GUIDELINES

MEDICAL PROVIDER:

Pharmaceuticals may be billed through a provider setting only if the provider administers the pharmaceutical (ex: injectables). These pharmaceuticals will be reimbursed at average wholesale price (AWP) acquired through any number of databases including but not limited to the Medispan database. Pharmaceuticals that have been provided as free samples to the medical provider can be given to the patient when appropriate, but these pharmaceuticals are not reimbursable separately.

HOSPITAL:

The cost to charge ratio of the hospital should be applied where appropriate. When the hospital provides outpatient services that do not fall under the cost to charge ratio, they should be reimbursed according to the guidelines documented in the pharmacy section below.

PHARMACY:

All pharmaceutical billing should include the appropriate National Drug Code for the drugs supplied and the exact quantities supplied. If a drug has been compounded, the pharmacy shall supply sufficient detail on their billing which specifies each of the compound ingredients by NDC and corresponding quantity. IF a compound medication is formulated using a drug product which was repackaged, reimbursement shall be based upon the NDC of the underlying drug, as published by the original manufacturer. The pharmacy should be reimbursed at a mark-up over the cost of the drugs. Drugs shall be reimbursed at up to 90% of the AWP. The AWP can be acquired through any number of databases including, but not limited to, the Medispan database. If there is a dispute regarding the AWP allowance, the pharmacy can send the actual invoice for the supply. In these situations, the pharmacy will be reimbursed at up to 90% of the actual cost of the drugs provided to the patient. If the pharmacy is unable to determine the actual cost of the drugs, the payer has the right to research other pharmacies to find the market value of that drug and to negotiate a reasonable and customary rate with the provider.

MAIL ORDER:

Mail order pharmaceuticals are subject to the Pharmacy guidelines documented above.