



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. 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.

COMPOUNDED MEDICATIONS:

Reimbursement for compounded medications shall be based upon the sum of each individual ingredient at the existing pharmacy fee schedule. Any ingredient lacking a valid and recognized NDC shall not be reimbursed. In no instances should reimbursement for topical compounds exceed \$500 per prescription and the \$500 fee provides the patient with a 30 day supply.

All compounded medications shall be billed on a single bill and shall be billed at the ingredient level with a separate line item for each ingredient and the corresponding quantity and charge amount per ingredient. Any ingredient used in a compound that is a repackaged drug or ingredient shall be billed with the NDC of the original drug as published by the original manufacturer. Any ingredient in a topical compound shall be FDA approved for topical use in order to be reimbursable.

Pharmacies shall submit their bills as the usual and customary fee (U&C) or \$500 max or 90% of AWP, whichever is less.

MAIL ORDER:

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