



**Department of  
Job and Family Services**

**Ted Strickland**, Governor  
**Douglas E. Lumpkin**, Director

**Medical Assistance Letter (MAL) No. XXX**

**TO:** All Eligible Pharmacy Providers  
Directors, County Departments of Job and Family Services

**FROM:** Douglas E. Lumpkin, Director

**SUBJECT:** Change to Pharmacy Reimbursement

This letter provides information regarding changes to Ohio Administrative Code (OAC) rule 5101:3-9-05, "Reimbursement."

Effective January 1, 2010, the dispensing fee for noncompounded drugs will change to \$1.80 as required by the state budget bill, Amended Substitute House Bill 1.

**Web Page:**

The Ohio Department of Job and Family Services maintains an "electronic manuals" web page of the department's rules, manuals, letters, forms, and handbooks. The URL for this "eManuals" page is <http://emanuals.odjfs.state.oh.us/emanuals/>.

Providers may view documents online by:

- (1) Selecting the "Ohio Health Plans – Provider" folder;
- (2) Selecting "Pharmacy Services";
- (3) Selecting the "Table of Contents";
- (4) Selecting the desired document type;
- (5) Selecting the desired item from the "Table of Contents" pull-down menu.

The Legal/Policy Central – Calendar site (<http://www.odjfs.state.oh.us/lpc/calendar/>) is a quick reference for finding documents that have recently been published. This site also provides a link to a listing of ODJFS manual transmittal letters (<http://www.odjfs.state.oh.us/lpc/mtl/>). The listing is categorized by letter number and subject, and a link is provided to each easy-print (PDF) document.

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**Questions:**

Questions pertaining to this letter should be addressed to:

Ohio Department of Job and Family Services  
Office of Ohio Health Plans, Bureau of Provider Services  
P.O. Box 1461  
Columbus, OH 43216-1461  
Telephone 800-686-1516

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5101:3-9-05      **Reimbursement.**

(A) Reimbursement shall be the lesser of the submitted charge or the calculated allowable in accordance with paragraphs (B) to (C) of this rule. For medications that are subject to a co-payment, the amount reimbursed by the Ohio department of job and family services (ODJFS) will be decreased by the amount equal to the co-payment that is to be billed to the consumer in accordance with rule 5101:3-9-09 of the Administrative Code.

(B) Determination of allowable pharmaceutical product cost

(1) Maximum allowable cost (MAC) pharmaceuticals

- (a) Maximum allowable costs have been determined by the federal department of health and human services for selected drugs. ODJFS shall not make reimbursement for these products, in the aggregate, at a rate higher than the federal upper limit (FUL) prices.

Drugs that have been identified in appendix A to rule 5101:3-9-12 of the Administrative Code as brand medically necessary (BMN) may only be dispensed without prior authorization when the prescriber has indicated "brand medically necessary" or "BMN" on the prescription.

- (b) ODJFS may establish a MAC for additional selected drugs where either bio-equivalency of the drugs has been established or bio-inequivalency of the drugs has not been established. Reimbursement for state MAC drugs shall be based on the sixty-fifth percentile of the estimated acquisition cost of all readily available generically equivalent drugs.

(2) Estimated acquisition cost (EAC) pharmaceuticals

- (a) All products, other than those designated as MAC drugs, will be considered EAC drugs. Reimbursement will be based on the estimate of wholesale acquisition cost (WAC) determined by periodic review of pricing information from Ohio drug wholesalers, pharmaceutical manufacturers and a pharmacy pricing update service. Maximum reimbursement for these drugs will be ~~WAC plus nine per cent for claims with dates of service through September 30, 2005 and~~ WAC plus seven per cent for claims with dates of service ~~thereafter~~ on or after October 1, 2005.

- (b) In the event that WAC cannot be determined, ODJFS will define "EAC" as average wholesale price (AWP) ~~minus 12.8 per cent for claims with dates of service through September 30, 2005 and AWP~~ minus 14.4 per cent for claims with dates of service ~~thereafter~~ on or after October 1, 2005.

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## (C) Dispensing fees

### (1) Eligibility for a dispensing fee

- (a) Only pharmacy and hospital providers as defined in rule 5101:3-9-01 of the Administrative Code are eligible to receive a dispensing fee.
- (b) Providers eligible to provide pharmacy services in accordance with paragraph (C) of rule 5101:3-9-01 of the Administrative Code are eligible to receive reimbursement for only the product cost. No dispensing fee shall be paid.
- (c) Dispensing fees for prescriptions, other than compounded drugs, dispensed to patients residing in ~~long-term care facilities (LTCF)~~ nursing facilities (NF) or intermediate care facilities for the mentally retarded (ICF-MR) as defined in Section 5111.20 of the Revised Code shall be limited to one dispensing fee per patient per generic code number (GCN) per rolling twenty-five days. In the event that multiple prescriptions within a single GCN are dispensed within a twenty-five day timespan, only the product cost will be reimbursed. Exceptions to the single dispensing fee are:
  - (i) Cases where the physician has prescribed a second round of medication within the twenty-five day period.
  - (ii) Cases where the physician has changed the dosage.
  - (iii) Cases where the medication did not last for the intended days supply.
  - (iv) Cases where the drug has been compromised by accident (e.g., contaminated or destroyed).
  - (v) Controlled substances (limited to two dispensing fees per twenty-five days).

When medications are delivered to the patient from an emergency or similar supply held in reserve by the ~~LTCF~~, NF or ICF-MR, the pharmacy provider must dispense and bill for the total prescription as one dispensation with one fee and arrange for the orderly replacement to the emergency or similar supply from the total prescription. The pharmacy may not bill two prescriptions, one to replace the emergency or similar supply, and another to satisfy the balance of the patient's requirements.

### (2) Noncompounded drugs, other than flu vaccine

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The dispensing fee for noncompounded drugs shall be three dollars and seventy ~~cents~~cents for claims with dates of service through December 31, 2009, and one dollar and eighty cents for claims with dates of service thereafter.

## (3) Compounded drugs

- (a) All compounded drugs, including total parenteral nutrition, must be submitted with a compound code value of "2".
- (b) Infusion compounds include intravenous (IV) therapy for chemotherapy, pain management and antibiotics. Claims submitted for infusion compounds will receive a dispensing fee of ten dollars per day, with a maximum dispensing fee of seventy dollars.
- (c) Total parenteral nutrition claims will receive a dispensing fee of fifteen dollars per day, with a maximum dispensing fee of one hundred fifty dollars.
- (d) Compounded drugs that are not infusion compounds or total parenteral nutrition claims will receive a single six dollar dispensing fee per prescription.
- (e) For purpose of documentation for the Ohio board of pharmacy, providers must be able to retrieve and document all components of a compounded drug.

## (4) Flu vaccine

The dispensing fee for flu vaccine shall be fifty cents.