



ADMINISTRATIVE RULES OF MONTANA

37.86.1105 OUTPATIENT DRUGS, REIMBURSEMENT

- (1) Outpatient drugs are reimbursed at the lower of:
 - (a) the provider's "usual and customary charge"; or
 - (b) the "allowed ingredient cost" plus a dispensing fee.
- (2) The FMAC limitation will not apply in a case where a physician certifies in their own handwriting the specific brand is medically necessary for a particular member. An example of an acceptable certification is the handwritten notation "Brand Necessary" or "Brand Required." A check-off box on a form or rubber stamp is not acceptable.
- (3) The dispensing fee for filling prescriptions is determined for each pharmacy provider annually.
 - (a) The dispensing fee is based on the pharmacy's average cost of filling prescriptions and prescription volume. The average cost of filling a prescription is based on the direct and indirect costs that can be allocated to the cost of the prescription department and that of filling a prescription, as determined from the Montana Dispensing Fee Questionnaire. The prescription volume of a provider is determined using the information provided on the annual Montana Dispensing Fee Questionnaire. If a provider fails to submit a properly completed dispensing fee questionnaire, the provider will receive a dispensing fee in an amount equal to the lowest calculated cost to dispense assigned that year. A copy of the Montana Dispensing Fee Questionnaire is available upon request from the department.
 - (b) The dispensing fees assigned are as provided in ARM 37.85.105(3).
 - (c) If the individual provider's usual and customary average dispensing fee for filling prescription is less than the foregoing method of determining the dispensing fee, then the lesser dispensing fee is applied in the computation of the payment to the pharmacy provider.
- (4) All pharmacy providers that are new to the Montana Medicaid program are assigned the maximum dispensing fee in ARM 37.85.105(3)(f)(i) until a dispensing fee questionnaire, as provided in (3), can be completed for six months of operation. At that time, a new dispensing fee is assigned which is the lower of the dispensing fee calculated in accordance with (3) for the pharmacy or the maximum allowed dispensing fee provided in (3)(b). If the provider fails to submit the

six-month dispensing fee questionnaire, the provider will receive a dispensing fee in an amount equal to the lowest calculated cost to dispense assigned that year.
- (5) The department reimburses pharmacies for compounding drugs only if the member's drug therapy needs cannot be met by commercially available dosage strengths, forms of the therapy, or both.

- (a) Prescription claims for compound drugs are billed and reimbursed using the National Drug Code (NDC) number and quantity for each compensable ingredient in the compound.
 - (b) No more than 25 ingredients may be reimbursed in any compound.
 - (c) Reimbursement for each drug component is determined in accordance with ARM 37.86.1101.
 - (d) Prior authorization requirements for individual components of a compound must be met for reimbursement purposes.
 - (e) The department reimburses pharmacies a compound-drug dispensing fee as provided in ARM 37.85.105(3) in lieu of the dispensing fee stated in (3). Prior authorization is required for reimbursement above the lowest compound dispensing fee.
 - (f) The department does not consider reconstitution to be compounding.
 - (g) The department publishes guidelines for billing the different level of effort fees.
 - (h) The department may reimburse for compounded nonrebatable API bulk powders and excipients on the department's drug formulary maintained in accordance with ARM 37.86.1102.
- (6) The department reimburses pharmacies a vaccine administration fee as provided in ARM 37.85.105(3) in lieu of the dispensing fee stated in (3) for any covered vaccine as allowed by the Montana Pharmacy Practice Act, 37-7-101, MCA.
- (7) Reimbursement for outpatient drugs provided to Medicaid persons in state institutions is as follows:
- (a) for institutions participating in the state contract for pharmacy services, the rates agreed to in that contract. Such reimbursement must not exceed, in the aggregate, reimbursement under (1); or
 - (b) for institutions not participating in the state contract for pharmacy services, the actual cost of the drug and dispensing fee. Such reimbursement must not exceed, in the aggregate, reimbursement under (1).
- (8) Full-benefit dual eligible persons qualify for pharmaceutical drug coverage under Medicare Part D prescription drug plans (PDPs) under 42 USC 1302, 1395w-101 through 1395w-152 (2011), the Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA). For purposes of the MMA and this rule, the term full-benefit dual eligible has the same meaning as stated in 42 CFR 423.772.
- (9) The MMA allows PDPs to exclude from coverage the drug classes listed in 42 USC 1396r-8(d)(2) (2011). Montana Medicaid may also exclude these drugs and has chosen to do so except for the prescription and nonprescription drugs identified on the department's drug formulary. Montana Medicaid's reimbursement for outpatient drugs provided to full-benefit dual eligible persons, for whom third party payment is not available, is limited to the excluded drugs identified on the department's drug formulary.
- (10) The department reimburses pharmacies a unit dose prescription fee as provided in ARM 37.85.105(3). The unit dose prescription fee offsets the additional cost of packaging supplies and materials which are directly related to filling unit dose prescriptions by the individual pharmacy. This fee is in addition to the regular dispensing fee allowed. The unit dose prescription fee is not

paid for a unit dose prescription packaged by drug manufacturers. Unit dose prescriptions may not exceed the 34-day supply limit. Only one unit dose prescription fee is allowed each month for each prescribed medication.

- (11) Providers must bill Montana Medicaid the following:
 - (a) their actual acquisition cost including providers who purchase drugs through the Federal Supply Schedule or providers who are participating in the 340B Drug Pricing Program; and
 - (b) their "usual and customary charge" as defined in ARM 37.86.1101.
- (12) In accordance with the NCPDP 340B Information Exchange Reference Guide Version 1.0 (July 2011), a claim for Section 340B drugs must be identified through the use of a valid value 20 in the NCPDP Submission Clarification Code (420-DK) field. If a claim is identified as a 340B claim and the submitted ingredient cost is greater than the AAC, or the lower of WAC or FMAC, if no AAC is present, the claim will deny.
- (13) Specialty pharmacies, hemophilia treatment centers, or centers of excellence that dispense clotting factors:
 - (a) not purchased through the 340B program will be reimbursed at the lesser of the usual and customary charge, submitted ingredient cost, or wholesale acquisition cost, plus the professional dispensing fee; or
 - (b) when purchased through the 340B program, will be reimbursed the lesser of the usual and customary charge or wholesale acquisition cost, plus the professional dispensing fee.

Authorizing statute(s): 53-2-201, 53-6-113, MCA

Implementing statute(s): 53-2-201, 53-6-101, 53-6-113, MCA

History: NEW, 1980 MAR p. 2978, Eff. 11/29/80; AMD, 1983 MAR p. 607, Eff. 5/27/83; AMD, 1986 MAR p. 1967, Eff. 12/1/86; AMD, 1987 MAR p. 895, Eff. 7/1/87; AMD, 1988 MAR p. 753, Eff. 5/1/88; AMD, 1989 MAR p. 879, Eff. 7/1/89; AMD, 1990 MAR p. 1481, Eff. 7/27/90; AMD, 1998 MAR p. 495, Eff. 2/13/98; AMD, 1998 MAR p. 2168, Eff. 8/14/98; TRANS, from SRS, 2000 MAR p. 481; AMD, 2000 MAR p. 3176, Eff. 11/10/00; AMD, 2002 MAR p. 1788, Eff. 6/28/02; AMD, 2006 MAR p. 227, Eff. 1/27/06; AMD, 2007 MAR p. 1824, Eff. 11/9/07; AMD, 2008 MAR p. 53, Eff. 1/18/08; AMD, 2008 MAR p. 1157, Eff. 7/1/08; AMD, 2009 MAR p. 2029, Eff. 10/30/09; AMD, 2010 MAR p. 433, Eff. 3/1/10; AMD, 2010 MAR p. 2986, Eff. 1/1/11; AMD, 2011 MAR p. 1384, Eff. 7/29/11; AMD, 2012 MAR p. 1367, Eff. 11/11/11; AMD, 2013 MAR p. 1111, Eff. 7/1/13; AMD, 2013 MAR p. 2151, Eff. 11/15/13; AMD, 2016 MAR p. 1065, Eff. 7/1/16; AMD, 2016 MAR p. 1462, Eff. 8/20/16; AMD, 2017 MAR p. 1050, Eff. 7/8/17; AMD, 2017 MAR p. 2287, Eff. 1/1/18; AMD, 2018 MAR p. 1607, Eff. 8/11/18; AMD, 2018 MAR p. 2057, Eff. 10/20/18.