



STATE OF MARYLAND

DHMH

PT 33-03

Maryland Department of Health and Mental Hygiene
201 W. Preston Street • Baltimore, Maryland 21201

Robert L. Ehrlich, Jr., Governor – Michael S. Steele, Lt. Governor – Nelson J. Sabatini, Secretary

Office of Operations & Eligibility
Medical Care Programs


Joseph E. Davis
Executive Director

MARYLAND MEDICAL ASSISTANCE PROGRAM

Pharmacy Transmittal No. 170

June 23, 2003

TO: Pharmacies

FROM: Joseph E. Davis, Executive Director 
Office of Operations and Eligibility

NOTE: Please ensure that appropriate staff members in your organization are informed of the contents of this transmittal.

RE: **Maryland Pharmacy Discount Program**
Pharmacy Copayment Changes for MCO & REM Recipients
Revised Calculation of Estimated Acquisition Cost

This transmittal is to inform you of the new Maryland Pharmacy Discount Program and of changes to the existing Medicaid Pharmacy Program.

Maryland Pharmacy Discount Program

Effective July 1, 2003, the Maryland Pharmacy Program (MPP) begins operating the Maryland Pharmacy Discount Program (MPDP) to assist qualified Medicare recipients with the cost of their prescription medications. Recipients enrolled in this Program will be able to purchase prescription drugs covered under the Maryland Medicaid Program for a copayment equal to 65% of the Maryland Medicaid allowed amount. The pharmacy can also collect a \$1 administrative fee from the enrollee on each prescription.

Recipients in this Program will have a yellow and white card with an 11-digit number just like the Maryland Pharmacy Assistance Program card. Upon being presented a prescription and a card for this Program by an enrollee, the pharmacy will bill the prescription to Maryland Medicaid through the pharmacy Point-of-Sale (POS) system in the same manner as other Medicaid Fee-for-Service (FFS) prescriptions. Through the POS system the Program will calculate the allowed amount and pay 35% of that amount to the pharmacy. In addition, the POS system will also calculate the recipient's copayment, which will be equal to 65% of the Medicaid allowed amount. The pharmacy may also collect a \$1 administrative fee for each prescription from the enrollee that is in addition to the Medicaid allowed amount received from the enrollee and Program. If the recipient is unable to pay the copayment amount, the pharmacy may deny filling the enrollee's prescription.

The MPDP is part of the federal Medicaid Program and was approved by the federal government under the Maryland Pharmacy Program Waiver. The MPP consists of the Maryland Pharmacy Assistance Program (MPAP) and the MPDP. The first stage of the MPP was the conversion of MPAP last fall from a state-only program with limited drug coverage to a federal program with the same drug coverage as Maryland Medicaid and a \$5 copayment. The second and final stage of the MPP is the current implementation of the MPDP.

Because these programs are part of the federal Medicaid program, the rules and limitations are the same for these programs as they are for Medicaid Pharmacy Services, but with one important exception. Under federal Medicaid requirements, the pharmacy may not deny services to any eligible federal category recipient because of the individual's inability to pay the copayment. However, under these programs (MPAP and MPDP) only, pharmacies are not required to fill prescriptions for recipients unable to pay the copayment.

In an effort to assist recipients in estimating their cost of medications the Program will maintain a website located at www.dhmh.state.md.us/mma/ listing the top 50 prescriptions and the Medicaid allowed amount. Please refer recipients to this site if they have questions concerning the cost of prescriptions. Persons interested in applying for the MPDP can call 1-800-226-2142 for an application.

Pharmacy Copayment for Recipients in Managed Care

Effective July 1, 2003, recipients enrolled in Managed Care Organizations (MCO) and the Rare and Expensive Case Management (REM) Program are no longer exempt from a pharmacy copayment requirement. For prescriptions paid by the Pharmacy Benefit Manager (PBM) of the MCO, the MCO can decide to waive the copayment. Prescriptions for MCO recipients for Mental Health Drugs and all prescriptions for REM recipients paid by the Program as FFS will now have the same copayment as other Medicaid prescriptions paid as FFS. Note that there is still no copayment for recipients under 21 years of age, pregnant women, family planning prescriptions, recipients residing in nursing homes and for prescriptions for generic drugs. As indicated above, the pharmacy may not deny services to recipients unable to pay the copayment.

Calculation Change of Estimated Acquisition Cost (EAC) for Reimbursement by Medicaid, Maryland Pharmacy Assistance & Discount Programs and the Kidney Disease Program

Effective July 1, 2003, the Program is revising the methodology used to calculate the Estimated Acquisition Cost (EAC) paid to pharmacies for the ingredient portion of prescriptions. The Program will now use the lower of: Average Wholesale Price less 11 percent (AWP-11%), Wholesale Acquisition Cost plus 9% (WAC+9%), Direct Price plus 9% or Distributor's Price plus 9% to make this determination.

Questions concerning this transmittal should be directed to the Division of Pharmacy and Clinic Services at 410-767-1455.