

**PROPOSED CHANGES IN METHODS AND STANDARDS
FOR ESTABLISHING MEDICAL ASSISTANCE PAYMENT RATES**

**STATE OF ILLINOIS
DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
CLARIFICATION**

This notice provides additional information and clarification to the original public notice issued on March 31, 2017. The Illinois Department of Healthcare and Family Services (HFS) is proposing a change in the methods and standards in order to comply with the Covered Outpatient Drug Rule (CMS-2345-FC). The Rule directs states to implement certain changes to pharmacy claim reimbursement. These changes will be effective for claims processed on and after April 1, 2017.

The Rule requires states to use Actual Acquisition Cost (AAC) for Medicaid drug payment. CMS has created the National Average Drug Acquisition Cost (NADAC) and recommends but does not require states to use NADAC to reach AAC in their reimbursement logic. The Department uses the lower of Wholesale Acquisition Cost (WAC), State Maximum Allowable Cost (SMAC), the pharmacy's usual and customary charge and FUL to reimburse pharmacies.

In addition, the Rule requires states to change from a "dispensing fee" to a "professional dispensing fee" in order to reflect the pharmacist's professional service and cost to dispense the drug to a Medicaid beneficiary. The Department is evaluating the impact of switching from the current "dispensing fee" to a "professional dispensing fee".

The reimbursement changes will apply to pharmacy services. These proposed changes will increase expenditures by approximately \$36 million based on current utilization patterns.

The original notice and this clarification may be viewed at the DHS local offices (except in Cook County). In Cook County, the notice and clarification may be reviewed at the Office of the Director, Illinois Department of Healthcare and Family Services, 401 South Clinton Street, 1st Floor, Chicago, Illinois. Comments received regarding this notice shall be published on the HFS web site at <https://www.illinois.gov/hfs/info/legal/PublicNotices/Pages/>.

This notice is being provided in accordance with federal requirements found at 42 *CFR* 447.205.