

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

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

On February 1, 2016, CMS published the Covered Outpatient Drug Rule (CMS-2345-FC). The Rule directs states to implement certain changes to pharmacy claim reimbursement and becomes effective April 1, 2017.

The Covered Outpatient Drug 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. The Department is evaluating the use of NADAC in conjunction with our current reimbursement logic to determine AAC.

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 reviewing this change and evaluating any potential impact.

The Department is in discussion with federal Centers for Medicare and Medicaid Services regarding the best approach for compliance with the rule. Additional information will be provided as a result of these discussions.

Any interested party may submit questions or comments concerning these proposed changes in reimbursement methods and standards. All questions or comments must be submitted in writing within thirty (30) days of the publication date of this notice and addressed to:

Bureau of Program and Policy Coordination  
Division of Medical Programs  
Healthcare and Family Services  
201 South Grand Avenue East  
Springfield, IL 62763-0001  
E-mail address: [HFS.bpra@illinois.gov](mailto:HFS.bpra@illinois.gov)

This notice 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, 1<sup>st</sup> Floor, Chicago, Illinois. Comments received regarding this notice shall be published on the HFS web site at <http://www.illinois.gov/hfs/info/legal/PublicNotices/Pages/>.

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