


Letter of Direction #70

Date: November 23, 2021

To: Centennial Care 2.0 Managed Care Organizations

From: Nicole Comeaux, Director, Medical Assistance Division 

Subject: MCO Requirements Regarding Outpatient Pharmacy Reimbursement of an All-Inclusive Rate to I.H.S. & Tribal 638 MCO Contracted Pharmacies

Title: I.H.S. & Tribal 638 Outpatient Pharmacy Reimbursement Change

The purpose of this Letter of Direction (LOD) is to provide the Centennial Care Managed Care Organizations (MCOs) with the instructions that will be outlined in the MCO Policy Manual on the federal requirements related to changes in reimbursement to MCO contracted Indian Health Service (I.H.S.) and Tribal 638 outpatient pharmacies. Effective for dates of service beginning March 1, 2021, the Medical Assistance Division (MAD) will begin to reimburse all I.H.S. and Tribal 638 outpatient pharmacies at the All-Inclusive Rate (AIR) published annually in the Federal Register.

Billing for Drug Items Dispensed From I.H.S. and Tribal 638 Outpatient Facilities

An outpatient pharmacy may dispense *unlimited* new prescription drugs, single multi-drug compounds, or prescription drug refills in a 24-hour period and be reimbursed for each dispensing. When drug item costs exceed the AIR, reimbursement will remain at the AIR. The applicable AIR shall be determined by the date of service submitted on the pharmacy drug claim.

The outpatient pharmacy AIR reimbursement will mimic the Outpatient per Visit Rate currently at \$519 for 2021 found on the following link:

<https://www.federalregister.gov/documents/2020/12/31/2020-28950/reimbursement-rates-for-calendar-year-2021>.

Pharmacy drug claims reimbursed at the AIR are not eligible for a professional dispensing, pharmaceutical administration, and/or compounding fee. The AIR for pharmacy drug services may be billed in addition to billing an I.H.S. or Tribal 638 physical health, behavioral health, or dental encounter that is provided on the same day. I.H.S. or Tribal 638 outpatient pharmacies will continue to bill the MCOs pharmacy benefit managers (PBMs). Excluded from this reimbursement change are durable medical equipment, medical supplies, and over the counter orthotic items.

MCOs are required to have their PBMs update their claims processing systems to allow payment of the AIR on outpatient pharmacy drug claims effective for dates of service beginning March 1, 2021. All affected dates of service for pharmacy drug claims will be adjusted and reprocessed to reflect the new reimbursement rate. MCOs are required to have all adjustments completed within 120 days from the

time this notification is received. The MCOs will provide weekly updates to HSD on the status of implementation and claims reprocessing every Friday by 5:00 PM until further directed by HSD to cease reporting. All reporting requirements will cease after the claims run out period. MCO's must notify HSD when all adjustments have been completed.

This LOD will sunset upon inclusion in the Managed Care Policy Manual.

If you have questions regarding this LOD, please contact Benefits and Reimbursement Bureau via your MAD MCO Contract Manager.