

REFERENCE SLIDES - NACDS

Medicaid Payment to Pharmacies for Prescriptions

• Drug Reimbursement

Brand Name Drugs (e.g., Lipitor, Zocor, etc): Most states base payment on Average Wholesale Price (AWP) (e.g., AWP-16%) or WAC

Generic Drugs (e.g., Simvastatin, generic Zocor): Medicaid establishes a maximum amount or cap (Federal Upper Limit, known as FUL) that the Federal government will pay a state for a particular generic drug.

• Dispensing Fee

- Dispensing fee pays pharmacies for operational costs such as salaries, rent, utilities, computers, bottles, labels, etc.
- Medicaid pays pharmacies a fee to dispense each prescription.
 - Average pharmacy cost to dispense about \$10.50 per prescription*
 - Current average Medicaid dispensing fee is about \$4.25 per prescription.
- Some states pay pharmacies higher fees for generics than brands.

*Grant-Thomson Study, January 2007







