

# Medicaid Matters

## CMS approves AAC drug pricing method, dispensing fee increase

A new federally-approved change in how Alabama Medicaid reimburses pharmacies for drugs provided to Medicaid recipients now makes it possible for the Agency to implement a reimbursement system that more accurately reflects the true estimated acquisition costs for drug ingredients. The changes will be effective for outpatient pharmacy claims on September 22, 2010.



The Centers for Medicare and Medicaid Services (CMS) notified the Agency September 16 that the state's request to remove Average Wholesale Price (AWP) from the "lower of" reimbursement methodology now in use, and add the invoice-based Average Acquisition Cost (AAC) method for brand and generic drug ingredient costs was approved. CMS also approved a companion request to increase the Agency's dispensing fee from \$5.40 per prescription to \$10.64 per prescription based on an independent Cost of Dispensing (COD) survey.

"Implementation of this ground-breaking reimbursement system is a tribute to the collaborative effort that has taken place between the Agency, state and national pharmacy associations, pharmacy providers and other interested stakeholders to develop a system that is fair to all parties and transparent to the public," said Alabama Medicaid Commissioner Carol Steckel, noting that federal officials have expressed interest in using Alabama's AAC model as an example for other states to follow. [Read more >>](#)

## LTC Rebalancing Committee explores community-based care options

Programs to meet elderly and disabled Medicaid recipients' changing needs and to better support those who wish to move from institutions to community-based care are among a handful of opportunities recently discussed by a state advisory committee on long term care.

Led by Alabama Medicaid Commissioner Carol Steckel, committee chair, and State Sen. Linda Coleman (D-Birmingham), co-chair, the Long Term Care (LTC) Rebalancing Advisory Committee has been exploring innovative programs to allow some facility patients to receive care at home.

Marilyn Chappelle, director of the Agency's Long Term Care division, stated during the August 23 meeting that the committee has examined several options to give patients access to the most appropriate level of care.

"It's important that patients receive the necessary care, regardless of setting," said Chappelle. "If patients can remain in their homes and still receive the same high-level care as they would in a long term care facility, then we should enable them to stay at home." [Read more >>](#)



*Jake Bell (right), CEO of South Alabama-based Mercy Medical, discusses the PACE program with Marilyn Chappelle and Henry Davis, Medicaid Governmental Affairs Director.*



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- Updated flu vaccine combines seasonal and H1N1 vaccines

## Improved infant health is goal of prenatal smoking cessation campaign

Each year in Alabama, hundreds of infants are born too early and too small, often resulting in serious health problems or in some cases, death. To address one of the most preventable causes of infant mortality, the Alabama Medicaid Agency has launched a prenatal smoking cessation campaign to increase the number of Medicaid-eligible pregnant women who stop smoking.

The *Baby Comes First* project includes educational presentations to physicians, nurses, care coordinators and others involved in maternity care and distribution of resources and materials for use in working with Medicaid-eligible women.



*Baby Comes First project partners include (from left) Gayle Whatley, Region III Perinatal Director; Robin Allison Collins, State Director of Program Services/Public Affairs with the Alabama Chapter of the March of Dimes; Letrice Ware, Project Coordinator, Medicaid; Dr. Richard Davis, UAB, and Janice Smiley, State Perinatal Program Director.*

“What we have found is that many pregnant women are not aware of the resources available to them if they want to stop smoking,” said Letrice Ware, coordinator for the *Baby Comes First* initiative. “Through this program, we hope that more pregnant women will find an option that works for them.”

In Alabama, 15 percent of all females smoke while they are pregnant based on data from the Alabama Department of Public Health. However, estimates of up to 35 percent have been calculated for low-income women with Medicaid coverage. The data also shows that up to 40 percent of women who smoke prior to pregnancy quit during pregnancy.

## Updated flu vaccine combines seasonal and H1N1 vaccines

Flu protection during the 2010-2011 flu season will come in the form of one shot, instead of the two required last year, a fact that Medicaid officials hope will result in more people taking steps to stay healthy by getting vaccinated. The updated “combo” vaccine will protect against both seasonal and H1N1 influenza. Last year the vaccines were separate with the H1N1 vaccine provided only by the Alabama Department of Public Health.

To encourage more adults to get the flu shot, Medicaid-enrolled pharmacy providers will continue to be reimbursed for administration of the single vaccine to Medicaid-eligible adults ages 19 and older, as well as for the vaccine itself, according to Medicaid Pharmacy Services Director Kelli D. Littlejohn, R.Ph., Pharm.D.



“The Agency is working through our academic detailing program and other various educational efforts to increase the number of injections given by pharmacists,” Dr. Littlejohn said. “Pharmacists have a prime opportunity to promote public health through professional services such as vaccine administration while facilitating communication between the prescriber, pharmacist, other health care professionals and the patient.” [Read more >>](#)

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