

REIMBURSEMENT POLICY STATEMENT KENTUCKY MEDICAID

Policy Name		Policy Number	Date Effective
Medical Drug Reimbursement Rates		PY-0797	05/19/2019
Policy Type			
Medical	Administrative	Pharmacy	REIMBURSEMENT

Reimbursement Policy Statement: Reimbursement Policies prepared by CSMG Co. and its affiliates (including CareSource) are intended to provide a general reference regarding billing, coding and documentation guidelines. Coding methodology, regulatory requirements, industry-standard claims editing logic, benefits design and other factors are considered in developing Reimbursement Policies.

In addition to this Policy, Reimbursement of services is subject to member benefits and eligibility on the date of service, medical necessity, adherence to plan policies and procedures, claims editing logic, provider contractual agreement, and applicable referral, authorization, notification and utilization management guidelines. Medically necessary services include, but are not limited to, those health care services or supplies that are proper and necessary for the diagnosis or treatment of disease, illness, or injury and without which the patient can be expected to suffer prolonged, increased or new morbidity, impairment of function, dysfunction of a body organ or part, or significant pain and discomfort. These services meet the standards of good medical practice in the local area, are the lowest cost alternative, and are not provided mainly for the convenience of the member or provider. Medically necessary services also include those services defined in any federal or state coverage mandate, Evidence of Coverage documents, Medical Policy Statements, Provider Manuals, Member Handbooks, and/or other policies and procedures.

This Policy does not ensure an authorization or Reimbursement of services. Please refer to the plan contract (often referred to as the Evidence of Coverage) for the service(s) referenced herein. If there is a conflict between this Policy and the plan contract (i.e., Evidence of Coverage), then the plan contract (i.e., Evidence of Coverage) will be the controlling document used to make the determination.

CSMG Co. and its affiliates may use reasonable discretion in interpreting and applying this Policy to services provided in a particular case and may modify this Policy at any time.

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A. Subject

Medical Drug Reimbursement Rates

B. Background

Reimbursement policies are designed to assist you when submitting claims to CareSource. They are routinely updated to promote accurate coding and policy clarification. These proprietary policies are not a guarantee of payment. Reimbursement for claims may be subject to limitations and/or qualifications. Reimbursement will be established based upon a review of the actual services provided to a member and will be determined when the claim is received for processing. Health care providers and their office staff are encouraged to use self-service channels to verify member’s eligibility.

It is the responsibility of the submitting provider to submit the most accurate and appropriate CPT/HCPCS code(s) for the product or service that is being provided. The inclusion of a code in this policy does not imply any right to reimbursement or guarantee claims payment.

C. Definitions

- Average Wholesale Price (AWP) - is the manufacturer's list price of the drug when sold to the wholesaler.
- Average Sales Price (ASP) – a rate that is calculated by the manufacture on a quarterly basis and submitted to Medicare. Medicare then places these rates in a file and uploads to the Medicare Part B Drug Average Sales Price Drug Pricing Files tab on cms.gov.

D. Policy

- I. This is a reimbursement policy that outlines reimbursement rates for drugs that are billed and administered in the following places of service under the member’s medical benefit only when drug reimbursement rates are not specifically called out in the provider contract or the drug code is not listed on the Kentucky Medicaid Fee Schedule:
 - A. Place of Service 11 – Office
 1. Medicare’s ASP (Average Sales Price) plus 6%
 - B. Place of Service 12 – Home
 1. Manufacture’s AWP (Average Wholesale Price) minus 15%
 - C. Place of Service 22 – On Campus-Outpatient Hospital
 1. Manufacture’s AWP (Average Wholesale Price) minus 15%
 - D. All drug codes billed on a UB-04 claim form
 1. Manufacture’s AWP (Average Wholesale Price) minus 15%

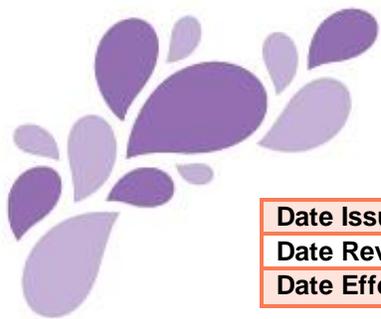
E. Conditions of Coverage

Reimbursement is dependent on, but not limited to, submitting Kentucky Medicaid approved HCPCS and CPT codes along with appropriate modifiers. Please refer to the individual Kentucky Medicaid fee schedule for appropriate codes.

F. Related Policies/Rules

G. Review/Revision History

DATE	ACTION
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Date Issued	04/15/2019	
Date Revised		
Date Effective	05/19/2019	

H. References

The Reimbursement Policy Statement detailed above has received due consideration as defined in the Reimbursement Policy Statement Policy and is approved.

KY-HUCP0-1250

KDMS Approval: 04/15/2019