

FINAL NOTICE OF PUBLIC INFORMATION – PUBLIC NOTICE

1. **Name of the Agency:** Arizona Health Care Cost Containment System (AHCCCS)

2. **The topic of the public information notice:**

AHCCCS Fee-For-Service (FFS) rates for the Physician Administered Drug Schedule to be effective for dates of service on or after July 1, 2024

3. **The public information relating to the topic:**

- a. This Notice describes changes to the Arizona Health Care Cost Containment System (AHCCCS) Fee-For-Service (FFS) Physician Administered Drug rates to be effective for dates of service on and after July 1, 2024. The AHCCCS Administration is implementing changes to the FFS rates specified in this Notice to assure that payments are consistent with efficiency, economy, and quality of care and are sufficient to enlist enough providers so that care and services are available at least to the extent that such care and services are available to the general population in the geographic area. The estimated increase in FFS payments as a result of the methodology change is expected to be approximately (\$71,000) for the time period of July 1, 2024 through September 30, 2024.

AHCCCS is implementing the following methodology change to the state plan:

Current State Plan Language: Physician billing- For non-chemotherapy drugs that are priced on the Medicare Part B Drug Schedule, AHCCCS sets its FFS rates as 95% of the Medicare Part B rate. For chemotherapy drugs and drugs that are not priced on the Medicare Part B Drug Schedule, AHCCCS sets its rates as 80.75% of the Average Wholesale Price.

Proposed State Plan Language:

Pricing for provider administered CMS covered outpatient drugs and AHCCCS covered devices as listed on the AHCCCS Physician Administered Drug fee schedule shall be updated quarterly and following the methodology outlined below.

At the discretion of AHCCCS, pricing may be updated outside of the quarterly updates.

Medically necessary CMS covered outpatient drugs and AHCCCS covered devices that are administered or provided by an AHCCCS registered provider shall be reimbursed as follows:

- CMS covered outpatient drugs and AHCCCS covered devices on the Medicare Part B Average Sales Price (ASP) file, shall be reimbursed at 100% of the ASP file rate.
 - Medicare Part B ASP file updates issued in the middle of a quarter shall be updated as appropriate and within the same quarter.
- For Multisource and Single source CMS covered outpatient drugs that are not listed on the Medicare Part B ASP file and the product has a corresponding HCPCS code, AHCCCS pricing methodology is as follows:
 - For a HCPCS code containing only a Single Source drug or an AHCCCS approved device, the HCPCS code price shall equal the lowest Wholesale Acquisition Cost (WAC) for the National Drug Code (NDC) corresponding to the description of the HCPCS code.
 - For a HCPCS code that includes Multisource drugs, the HCPCS code pricing shall be equal to the lesser of the median WAC of all the generic forms of the drug or the lowest Average Wholesale Price (AWP) of the NDC of the brand name product corresponding to the description of the drug code.
 - Median code pricing calculations are based on the median of all active (brand and generic) products which correspond to the HCPCS code description.
- For Radiopharmaceuticals that are not priced at either of the methodologies above, AHCCCS will pay 100% of the rate listed by CMS Noridian.
- For medications that do not have an assigned HCPCS code, the drug, biologic, or device shall be priced at the WAC of the product.
- Repackaged, inactive NDC or HFCA termed provider administered medications are not covered.

High-cost provider administered medications, eligible under the reinsurance program, shall be reimbursed at the actual acquisition cost of the product in accordance with the reinsurance reimbursement guidelines.

AHCCCS shall price medications that do not fall into one of the above reimbursement methodologies at a price determined by the agency, for example, a compounded drug that does not have an assigned HCPCS code, AWP or a WAC.

- b. Many public libraries offer access to the internet. In addition, the information can be obtained at the Offices of the AHCCCS Administration, 801 E. Jefferson, Phoenix, AZ 85034.