

**Bulletin Number:** MSA 10-48

**Distribution:** Pharmacy Providers

**Issued:** November 1, 2010

**Subject:** Product Cost Payment Limit Update

**Effective:** December 1, 2010

**Programs Affected:** Medicaid, Children's Special Health Care Services (CSHCS), Maternity Outpatient Medical Services (MOMS), Adult Benefits Waiver (ABW) and Plan First!

Effective for dates of service on or after December 1, 2010, the Michigan Department of Community Health (MDCH) will add the Wholesale Acquisition Cost (WAC) markup equivalent of the current Average Wholesale Price (AWP) discount to its 'Lower of' pricing logic for pharmacy claims.

MDCH is implementing this budget-neutral policy change as a result of First Data Bank's intent to cease publishing Average Wholesale Price (AWP) data by September 2011. The WAC plus markup is identified below:

Pharmacy Group	AWP Discount or WAC Markup
Pharmacies with 1-4 stores	AWP minus 13.5% or WAC plus 3.80%
Pharmacies with 5 or more stores	AWP minus 15.1% or WAC plus 1.88%
Pharmacies who serve beneficiaries with a level of care (LOC) 02	AWP minus 15.1% or WAC plus 1.88%

Dispensing fees currently in place will remain in effect. This policy does not affect billing instructions for Public Health Service covered entities and Disproportionate Share Hospitals that are required to bill their 340B purchase price.

### Manual Maintenance

Retain this bulletin until the information has been incorporated into the Michigan Medicaid Provider Manual.

## Questions

Any questions regarding this bulletin should be directed to Provider Inquiry, Department of Community Health, P.O. Box 30731, Lansing, Michigan 48909-8231, or e-mail at [ProviderSupport@michigan.gov](mailto:ProviderSupport@michigan.gov). When you submit an e-mail, be sure to include your name, affiliation, and phone number so you may be contacted if necessary. Providers may phone toll-free 1-800-292-2550.

## Approved



Stephen Fitton, Director  
Medical Services Administration