



## Government Affairs Alert

May 5, 2011

### **Alabama Pharmacy Fee Schedule Update: Impact to Billing and Reimbursement for Repackaged and Relabeled Drugs**

The Alabama Workers' Compensation Division (WCD) recently amended their pharmacy fee schedule to specifically address billing and reimbursement for repackaged and relabeled medications. This revision was effective April 6, 2011.

The following now applies to billing and reimbursement for repackaged and relabeled medications for workers' compensation in the state of Alabama:

*“The repackaged/relabelled pharmaceutical bill shall include and specify the original manufacturer national drug code (NDC) used in the repackaging along with the repackaged/relabelled NDC. Payment shall be based on the lesser average wholesale price (AWP) on the date of service of the original manufacturer or repackaged/relabelled NDC, and on a per unit basis (i.e. per one pill, per one capsule, per one milliliter, etc.).”*

This statement was the only change to their pharmacy fee schedule, which continues to state reimbursement for brand and generic drugs as follows:

- Brand = AWP + 5% + \$8.21
- Generic (bio-equivalency must be rating of A or AB) = AWP + 5% + \$10.67

Further information on the pharmacy fee schedule and other service categories can be obtained from the WCD website at: <http://dir.alabama.gov/wc/2011FeeSchedules.aspx>.

#### **Control of Repackaged and Relabeled Medications**

Similar to recent efforts in Georgia and other states, this change for Alabama seeks to control the rising cost of repackaged and relabeled drugs in the workers' compensation market by specifying new billing data requirements and limiting associated reimbursement.

Either on their own or through joint efforts with PMSI, payors should ensure bills for repackaged and relabeled medications fully comply with the new rule. Specifically, bills for repackaged and relabeled drugs should now include the original manufacturer NDC as well as the repackaged/relabelled product's NDC. When these are not included, PMSI and our carrier clients may reject the initial bill and request the dispensing entity provide both required NDCs. This will ensure proper reimbursement for repackaged and relabeled medications according to the new “lesser of” reimbursement methodology established by the state.

As your PBM partner, PMSI stands ready to assist you in utilizing the new requirements to ensure cost containment of repackaged and relabeled medications in Alabama. PMSI has already taken necessary compliance actions to address both in-network and out-of-network bills submitted for repackaged and relabeled medications.



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If you have any questions regarding this alert or any other government-related topic, please contact your dedicated Account Manager. You may also contact our Director of Government Affairs, Kevin Tribout at [Kevin.Tribout@pmsionline.com](mailto:Kevin.Tribout@pmsionline.com) or 813.627.2445.

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