

Drug Reimbursement Rates:

Effective July 1, 2005, the reimbursement rates for legend drug claims changed to:

- (1) Reimbursement for **brand name drugs and single source generic drugs** is the lesser of :
 - The usual and customary charge; or
 - The Federal Upper Limit (FUL), for certain multiple-source drugs, and a dispensing fee of \$3.91; or
 - Average Wholesale Price (AWP) less 12% and a dispensing fee of \$3.91; or
 - Wholesale Net Unit Price/Wholesale Acquisition Cost (WAC) plus 9% and a dispensing fee of \$3.91.

- (2) Reimbursement for **multiple source generic drugs** (CMS defines multiple source generic drugs as a drug product with three or more versions of the product rated therapeutically equivalent and at least three suppliers are listed in the current editions of published national compendia) is the lesser of:
 - The usual and customary charge; or
 - The Federal Upper Limit (FUL), for certain multiple-source drugs, and a dispensing fee of \$4.91; or
 - Average Wholesale Price (AWP) less 25% and a dispensing fee of no less than \$4.91.

- (3) Dispensing fee for LTC beneficiaries for sole and multi-source drugs remains constant at \$3.91.

- (4) OTC reimbursement rates remained constant.