

** Important Information **

The following is information regarding Pharmacy reimbursement changes for TennCare effective April 1, 2017:

The Centers for Medicare & Medicaid (CMS) Outpatient Drug Final Rule (81 FR5170) mandates that states adopt an ingredient reimbursement methodology based on the actual prices paid by providers to acquire drugs. The final rule also indicates that the change in ingredient reimbursement be coupled with a change in dispensing fee reimbursement to reflect the professional cost to dispense. To be compliant with the final rule, TennCare is implementing a new reimbursement methodology and professional dispensing fee on April 1, 2017.¹

TennCare conducted a TN Average Actual Acquisition Cost (AAAC) survey to establish the new ingredient cost reimbursement methodology. More information on the AAAC survey results and reimbursement methodology can be found at <http://www.mslc.com/Tennessee/Pharmacy.aspx>

TennCare also conducted a Professional Dispensing Fee (PDF) Survey to comply with the Final Rule to establish a professional dispensing fee based on a pharmacy’s cost to fill a prescription. Effective April 1, 2017, TennCare has established the following professional dispensing fee reimbursement rate structures based on pharmacy type and total annual prescription volume:

Pharmacy Type	Professional Dispensing Fee
Ambulatory	\$10.09 for Annual Rx Volume < 65,000 prescriptions \$8.33 for Annual Rx Volume > 65,000 (and survey non-responders ²)
340B	\$15.40 for 340B claims, \$10.09 for non-340B claims
Long Term Care	\$12.15
Specialty	\$10.09
Blood Factor	\$153.54
Compounding	Level 1 rate of \$10.09, no change to Level 2 or Level 3

Each pharmacy or pharmacy chain will receive an individual letter by April 1, 2017 with its new professional dispensing fee reimbursement rate based on its survey submission. For pharmacies that did not complete the survey, guidance will be forthcoming from TennCare on the process for updating your dispensing tier. TennCare thanks you for your continued service to its members and understands that any time change occurs, new issues and opportunities for collaboration will arise. TennCare is committed to a continued partnership and will provide additional guidance on final policy changes and contact information for any concerns or questions.

¹Final reimbursement methodology is subject to final CMS approval

²Survey non-responders are assigned to the high-volume dispensing tier pending TennCare guidance on process for updating dispensing tier