



**CABINET FOR HEALTH AND FAMILY SERVICES  
DEPARTMENT FOR MEDICAID SERVICES**

**Matthew G. Bevin**  
Governor


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**Adam M. Meier**  
Secretary

**Carol H. Steckel, MPH**  
Commissioner

**MEMORANDUM**

**TO:** Community Mental Health Services (PT 30) / PL #A-110  
Physician Services (PT 64) / PL #A-386  
Physician Group (PT 659) / PL #A-42  
Advanced Registered Nurse Services (PT 78) / PL #A-106  
Advanced Registered Nurse Group (PT 789) / PL #A-5  
Primary Care with a Specialty of Medical Clinic (PT 31 with a specialty of 082) / PL #A-387  
Physician Assistant (PT 95) / PL # A-100

**FROM:** Jessin Joseph, PharmD, MBA   
Pharmacy Director

**DATE:** June 1, 2019

**RE:** Drug Cost Reimbursement for Physician Administered Drugs (PAD)

The Cabinet for Health and Family Services, Department for Medicaid Services (DMS) is sending this letter to inform you of approved changes of covered outpatient drug reimbursement to Medicaid fee-for-service recipients who are not enrolled with a Medicaid managed care organization. The Centers for Medicare & Medicaid Services (CMS) has approved a reimbursement model for Physician Administered covered outpatient drugs, billed through the medical benefit, from Average Wholesale Price (AWP) minus 10% to the following lowest of:

- National Average Drug Acquisition Cost (NADAC)
- Federal upper limit (FUL)
- Wholesale acquisition cost (WAC)
- State maximum allowable cost (MAC)
- Usual and customary charge
- 340B ceiling price
- Average sales price (ASP) plus 6.0%

This methodology will take effect on August 1, 2019.

\*As a reminder, please visit the following link for billing instructions.

[https://kyportal.magellanmedicaid.com/public/client/static/kentucky/documents/PAD\\_Tutorial.pdf](https://kyportal.magellanmedicaid.com/public/client/static/kentucky/documents/PAD_Tutorial.pdf)