



# Maximum Allowable Ingredient Cost (MAIC) Program Frequently Asked Questions

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## Background

The California Department of Health Care Services (DHCS) has contracted with Magellan Medicaid Administration, Inc. (MMA), who contracted with Mercer Government Human Services Consulting (Mercer), part of Mercer Health and Benefits, LLC, to establish and maintain a Maximum Allowable Ingredient Cost (MAIC) program for generic pharmaceutical drugs. This program is to be implemented as part of Medi-Cal Rx, effective January 1, 2022. The objective of the MAIC program is to establish upper-limit generic drug ingredient reimbursement rates that encourage efficient purchasing while being responsive to drug pricing fluctuations.

Frequently Asked Questions (FAQs) are grouped into the relative topic areas listed in the Table of Contents above. Clicking on a specific topic in the Table of Contents will display the associated FAQs and responses.

## Policy and Implementation

### **1. What will the reimbursement methodology be for Covered Outpatient Drugs (CODs) when the pharmacy benefit transitions to Medi-Cal Rx on January 1, 2022?**

The Fee-for-Service (FFS) reimbursement methodology for CODs will remain unchanged upon Medi-Cal Rx assumption of operations on January 1, 2022. The FFS reimbursement methodology will continue to be the lowest of:

- The National Average Drug Acquisition Cost (NADAC), or the Wholesale Acquisition Cost (WAC) + 0% when NADAC is not available, plus a pharmacy-specific professional dispensing fee (PDF) of \$10.05 or \$13.20\*.
- The Federal Upper Limit (FUL) plus a pharmacy-specific PDF of \$10.05 or \$13.20\*.
- The MAIC plus a pharmacy-specific PDF of \$10.05 or \$13.20\*.
- The Usual and Customary (U&C) charge to the general public.

\*The PDF is determined by the total annual Medicaid and non-Medicaid claim volume reported in the Attestation Survey from the previous year. Pharmacies

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reporting less than 90,000 claims in the previous year receive a PDF of \$13.20 for every Medi-Cal Rx prescription dispensed. Other pharmacies receive a PDF of \$10.05 for every Medi-Cal prescription dispensed. DHCS policy is that a claim is equivalent to a dispensed prescription.

## **2. What is the purpose of the MAIC Drug Acquisition Cost Invoice Information Survey?**

The objective of the MAIC Drug Acquisition Cost Invoice Information Survey is to collect pharmacy drug acquisition cost invoice data from a representative sample of Medi-Cal Rx enrolled pharmacies. Mercer will use the data collected from the survey to establish and update MAIC reimbursement rates for generic pharmaceuticals.

## **3. How and how often will the MAIC rate list be updated?**

Medi-Cal Rx recognizes that changes in drug acquisition cost and drug product availability occur on a regular basis. In addition, Medi-Cal Rx recognizes that the most current and reliable information regarding changes in drug acquisition cost and drug product availability will be provided by pharmacies. Mercer, on behalf of Medi-Cal Rx, will obtain and review industry data such as published drug pricing information and drug acquisition cost invoice information provided by Medi-Cal Rx enrolled pharmacies to assess the MAIC program and to ensure the MAIC rates reflect current pharmaceutical market conditions. Mercer, on behalf of Medi-Cal Rx, will survey a representative sample of Medi-Cal Rx enrolled pharmacies quarterly to reassess drug acquisition cost and adjust MAIC rates as needed. MAIC rates will be adjusted as a result of MAIC rate reviews to respond to changes in the pharmaceutical marketplace that may be influencing the acquisition cost and/or availability of drug products.

Mercer will update the MAIC rate list at least quarterly, with the effective date of the change posted on the rate list at least 30 days prior to the effective date of the new rate. Mercer may update the MAIC rate list more frequently to reflect acquisition cost changes for generic pharmaceuticals. Mercer will reflect any MAIC rate changes and the effective date of the change in an updated MAIC rate list posted on the Mercer Medi-Cal Rx website.

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#### **4. How do I report concerns about MAIC reimbursement?**

Pharmacies may request review of an MAIC rate for a specific drug by submitting a rate review request. Required information includes, but is not limited to, NDC, drug name and strength, package size, wholesaler, lowest attainable package price, claim date of service, quantity dispensed, reimbursement amount, current MAIC rate, and invoice. Requests must have all required information to be reviewed. Pharmacies will be contacted for supporting documentation or other information as necessary.

**Note** MAIC rate review requests can be faxed or mailed into MMA using the [Medi-Cal Rx Maximum Allowable Ingredient Cost \(MAIC\) Price Research Request Form](#). MMA's contact information is included on the form.

#### **5. When will I hear the outcome of my MAIC rate review request?**

The pharmacy will be notified within one business day of receiving the rate review request to acknowledge the receipt of the MAIC rate review request. The pharmacy requesting the MAIC rate review will be notified of the rate review outcome within five business days of receipt.

#### **6. What is the "Net Quantity Filled" invoice data field Mercer is requesting for MAIC invoice surveys?**

The "Net Quantity Filled" invoice data field refers to the quantity of the product sent to the pharmacy. For example, if a pharmacy orders two bottles of aripiprazole 10mg tablets but the wholesaler only sends one bottle, the net quantity filled would be one. Mercer requests this information to ensure that the purchase price reflects the amount purchased, not ordered.

#### **7. Will Mercer backdate the effective date of MAIC rates to accommodate drug pricing changes that occur from the point of purchase to the point the MAIC rates are effective?**

Mercer will not backdate the effective date of MAIC rates after they are established each quarter. If a pharmacy believes an MAIC rate does not cover the cost of the drug, the pharmacy may request an MAIC rate review using the process described above.

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**8. Where will the MAIC rates be posted?**

Pharmacies can find MAIC rate lists on the [Mercer Medi-Cal Rx website](#). Mercer developed this website exclusively to support the Medi-Cal Rx MAIC program. On this site, pharmacy providers will find the MAIC rate list and updates, news and information, and other MAIC program information.

**9. Who may I contact with questions regarding the MAIC program?**

To share general comments or to request information regarding the MAIC rate list, contact [CAMAICsurvey@mercer.com](mailto:CAMAICsurvey@mercer.com).

Pharmacies should direct all inquiries regarding general provider reimbursement to MMA using the [Medi-Cal Rx Maximum Allowable Ingredient Cost \(MAIC\) Price Research Request Form](#). MMA's contact information is included on the form.

## Survey Participation

**10. Does Medi-Cal Rx require pharmacy provider participation in the MAIC Drug Acquisition Cost Invoice Information Survey?**

Yes. If your pharmacy is enrolled as a Medi-Cal Rx provider and receives a survey letter, you are required to complete the survey.

**11. How does Mercer select pharmacies to provide drug acquisition cost invoice information?**

A representative sample of Medi-Cal Rx participating outpatient pharmacies located throughout California will be surveyed quarterly to provide drug purchase invoice information. Mercer does not anticipate selecting any pharmacy location more frequently than once every two years.

## Survey Completion Guidance

### 12. What are the acceptable methods to transmit my drug acquisition cost invoice information?

A pharmacy provider can submit their invoice data via email in Excel® format. The following outlines the Excel file layout:

NPI (10 digits)	Purchase Date	NDC (11 digits, no dashes or spaces)	Item Description (Drug Name/ Strength)	Package Size	Unit of Measure	Package Price	Net Quantity Filled	Extended Price (Package Price * Net Quantity Filled)
12345678910	09/XX/2020	12345678910	Drug name	Quantity within package, 100's, 90's etc.	Tab/Cap/ Soln	\$XX.XX	Number of packages delivered	\$XX.XX

### 13. What email do I use to submit the survey?

Email [CAMAICsurvey@mercer.com](mailto:CAMAICsurvey@mercer.com).

### 14. Can Mercer send survey materials to my chain pharmacy's corporate office?

Yes. Corporate offices for chain-affiliated stores can submit data on behalf of the individual chain location. If your pharmacy is one of several stores under common ownership and you would like to have one person or a central office complete the survey for all stores, please contact Mercer via email at

[CAMAICsurvey@mercer.com](mailto:CAMAICsurvey@mercer.com).

### 15. Who do I contact with questions about completing the survey?

Please email the Mercer Pharmacy team at [CAMAICsurvey@mercer.com](mailto:CAMAICsurvey@mercer.com).

### 16. What time frame should I include for my drug acquisition cost invoice information?

Mercer will identify the time frame requested for the invoice information on each survey letter. Typically, Mercer will be requesting drug acquisition cost invoice information for the most recently completed month on a quarterly basis.

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**17. What if I receive the survey request before the requested time frame for the drug acquisition cost information is complete?**

Mercer may notify pharmacies participating in the survey before the requested drug acquisition cost information is complete to give time for pharmacies to prepare the information. Mercer typically requires a participating pharmacy to submit the survey to Mercer within 10 business days after receiving the request.

## Survey Data

**18. Who will have access to the information provided in response to the MAIC Drug Acquisition Cost Invoice Information Survey?**

All information collected through this survey will remain confidential. Mercer will not release, or otherwise make public, any information that names and/or discloses the business, financial, personnel, or other information provided by individual pharmacies or chain pharmacies in the course of completing this survey.

**19. What will Mercer do with drug acquisition cost invoice information it receives from me?**

Mercer will conduct statistical analysis on the data received from the survey and produce MAIC rates for Medi-Cal Rx.

## Survey Timing

**20. How frequently will Mercer ask me to provide drug acquisition cost invoice information?**

All pharmacy providers enrolled in Medi-Cal Rx are eligible for selection to provide drug acquisition cost invoice information. Quarterly, Mercer will request drug acquisition cost invoice information from a sample of identified pharmacy providers. Mercer does not anticipate selecting any pharmacy location more frequently than once every two years.



## MAIC Rate Characteristics

### **21. What products are eligible to establish an MAIC rate?**

Pursuant to Welfare and Institutions Code section 14105.45, DHCS may establish a list of MAIC rates for generically equivalent drugs that meet the following criteria:

- Three or more generically equivalent drugs must be available for purchase and dispensing by retail pharmacies in California.
- The product must be a Legend or Non-legend drug covered by Medi-Cal Rx.

Durable medical equipment, diabetic supplies, and other non-drug products are not eligible for establishing an MAIC rate. Note that some of these products may have an associated Maximum Allowable Product Cost (MAPC), which is a separate process from the MAIC.

### **22. Will MAIC rates vary for different generic National Drug Codes (NDCs) within the same drug group?**

MAIC rates will be established and maintained for a group of generically equivalent drugs with the same active chemical ingredients of the same strength and dosage form. Each NDC in the group of generically equivalent drugs will have the same MAIC rate. Each individual claim payment will be reimbursed using the methodology for CODs included in the FFS pharmacy benefit, identified in the *Policy and Implementation* section above.

### **23. How are 340B medications reimbursed?**

Providers billing drugs purchased pursuant to the 340B program (covered entities and contract pharmacies) are required to bill an amount not to exceed the entity's actual acquisition cost for the drug, as charged by the manufacturer at a price consistent with *United States Code, Section 256b, Title 42*, plus the professional dispensing fee pursuant to *W&I Code, Section 14105.45*. Providers will be reimbursed the lesser of the billed amount (actual acquisition cost plus professional dispensing fee) or the maximum rate permitted under *W&I Code, Section 14105.45*.

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## Miscellaneous

### **24. How does this survey intersect with collection of cost observations for the National Average Drug Acquisition Cost (NADAC) conducted by Centers for Medicare & Medicaid Services and its contractor, Myers & Stauffer?**

The CA MAIC survey collection process and the NADAC survey collection process are independent of one another. Medi-Cal Rx requires your participation regardless of your pharmacy's participation in the NADAC survey. This specific survey is only for Medi-Cal Rx enrolled pharmacy providers, specific to establishing and maintaining MAIC rates.