



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
KEVIN W. CONCANNON, DIRECTOR

INFORMATIONAL LETTER NO. 576

To: Iowa Medicaid Pharmacy Providers

From: Iowa Department of Human Services, Iowa Medicaid Enterprise

Date: February 21, 2007

Subject: State Fiscal Year 2006-2007 3% Dispensing Fee Increase

Effective Date: **February 23, 2007**

The Iowa State Legislature appropriated a 3% increase in reimbursement rates to several Iowa Medicaid provider types effective July 1, 2006. The Iowa Department of Human Services (DHS) submitted a State Plan Amendment to the Centers for Medicare and Medicaid Services (CMS) requesting official approval of the reimbursement rate increase which would be effective beginning July 1, 2006. CMS has approved the submitted State Plan Amendment. This approval will allow the Iowa Department of Human Services and the Iowa Medicaid Enterprise to proceed with the 3% fee increase for State Fiscal Year 2006-2007. As part of this 3% provider rate reimbursement increase, the pharmacy dispensing fee will be increased from \$4.39 to \$4.52.

Effective February 23, 2007, the pharmacy point of sale system began processing pharmacy claims submitted with the new dispensing fee of \$4.52.

Pharmacy claims that have been submitted between the dates of July 1, 2006 and February 22, 2007 will need to be adjusted by the IME to reflect the dispensing fee of \$4.52. This adjustment will only be applied to pharmacy claims submitted during this time period that were reimbursed a \$4.52 dispensing fee; it will not include pharmacy claims reimbursed at the usual and customary price. Per numerous requests from the pharmacy community, the IME will be sending these adjustments on a separate remittance advice. This reprocess of paid pharmacy claims will show up on the remittance statements dated on March 19, 2007. **In order to provide a separate remittance advice for these adjustments, the IME will postpone the normal weekly payment cycle for one week. All pharmacy claims that were held back from the payment cycle will be included in the next weekly payment cycle on March 26, 2007.**

The Iowa Medicaid Enterprise appreciates your patience as we work through this process. If you have any questions regarding this rate increase, and/or how this process will be handled, please feel free to call Provider Services at 1-800-338-7909 or 515-725-1104 (locally in Des Moines).