



STATE OF NEW YORK DEPARTMENT OF HEALTH

Corning Tower The Governor Nelson A. Rockefeller Empire State Plaza Albany, New York 12237

Richard F. Daines, M.D.
Commissioner

James W. Clyne, Jr.
Executive Deputy Commissioner

August 30, 2010

Subject: Shifting the Reimbursement of Prescription
Drugs from Nursing Home Medicaid Rates
to Fee-for-Service

Dear Administrator:

The purpose of this letter is to provide nursing homes notice and guidance regarding the upcoming implementation of recently enacted legislation to add a new paragraph (26) to the Public Health Law. The amendment shifts the reimbursement of prescription drugs for nursing home patients from the residential health care facility Medicaid rate to the Medicaid Pharmacy fee-for-service program. The Department is currently working with the Federal Centers for Medicare and Medicaid Services (CMS) to receive the State Plan approvals required to implement this amendment and currently anticipates this change will take effect on or about October 1, 2010. Detailed information regarding the implementation date of this change will be provided in future Dear Administrator Letters.

To effectuate this change, the Department will revise the Medicare ineligible and Medicare Part B eligible rates to remove the cost of prescription drugs. No revisions will be made to the current Medicare Part D and Parts B and D eligible rates since prescription drug costs are already removed. Upon the implementation of these new rates, prescription drugs will be covered through the Medicaid Pharmacy fee-for-service program and billed directly to Medicaid by the dispensing pharmacy.

Pharmacies supplying prescription drugs to nursing homes, including those that operate within a nursing home, must be enrolled in the Medicaid program in order to submit claims for reimbursement. Enrollment information is provided as follows:

Pharmacy Enrollment Packet:

<http://www.emedny.org/info/ProviderEnrollment/FFS%20Enrollment%20Packets/4090-Pharmacy%20Enrollment%20Packet/4090-Pharmacy.pdf>

Out-of-State Pharmacies must also complete the form at the following link:

<http://www.emedny.org/info/ProviderEnrollment/FFS%20Enrollment%20Packets/4020-Out%20of%20State%20Pharmacy/4020-Out%20of%20State%20Pharmacy%20Applicants.pdf>

Please direct questions regarding pharmacy enrollment to Diane Filkins at (518) 402-7032 and questions regarding changes to Medicaid nursing home rates as a result of this new provision to Al Fargione at (518) 474-1057.

Sincerely,

for Al Fargione
Lana I. Farle
Director
Bureau of Long Term Care
Reimbursement
Division of Health Care Financing
Office of Health Insurance Programs

Janet Z. Elkind
Janet Z. Elkind
Assistant Division Director
Medicaid Pharmacy Program
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