

MAC APPEALS PROCESS

The following procedures explain the standard process for creating, operating, and updating MAC (Maximum Allowable Cost) lists (“Pricing Methodology”), pursuant to Indiana Code § 27-1-24.5 and 760 IAC 5.

1. Pricing Sources:

The basis of MAC pricing, also known as the Estimated Acquisition Cost (EAC), is generated from several direct and indirect sources including published Actual Acquisition Costs (AAC), NADAC, and wholesalers information collected during the course of an appeal, and independent cost researchers. These sources are used to calculate drug reimbursement and used during any appeal process to resolve disputes regarding MAC pricing, and other pharmacy pricing issues.

Information is compiled and updated daily, from the various sources to determine relevant pricing updates and are available to the contracted pharmacy services administrative organizations or pharmacies within seven (7) calendar days after a request. When a material price change occurs, the MAC price is adjusted accordingly based on current MAC pricing methodologies and in accordance with state laws and regulations. The national drug pricing compendia used is Medispan.

Reimbursement for a drug subject to MAC is based solely on a specific drug. Therapeutically equivalent drugs are listed in the most recent version of the Orange Book (USDA Approved Drug Products with Therapeutic Equivalence Evaluations).

When determining the EAC or MAC pricing for a specific drug, the following must apply:

- The drug must have sufficient supply, be available for purchase by pharmacies, and be substitutable.
- The drug must not be obsolete, temporarily unavailable, or listed on a drug shortage list, and it must be lawfully substitutable.
- The drug must be generally available for purchase by pharmacists and pharmacies in Indiana from a national or regional wholesaler licensed in Indiana.
- Reimbursement for a drug that is subject to MAC is based solely on that specific drug if there is no other therapeutically equivalent drug.

2. MAC Pricing:

MAC prices are set utilizing a confidential formula and process that at its core is based upon a ‘cost plus’ model that ensures the pharmacy receives a fair margin above the EAC. The MAC prices are automatically updated as EACs are adjusted. This adjustment may occur based on normal drug pricing research or MAC appeals. MAC pricing is subject to continuous real time reviews and updates occur at least every seven (7) calendar days.



Pharmacies receive daily notifications through their switch relays when they transmit claims and/or by calling the help desk. Pricing requirements are subject to all state laws and regulations.

Pharmacy will be reimbursed for Covered Services based on the lesser of the Pharmacy's Usual & Customary (U&C), MAC, or Ingredient Cost plus a Dispensing Fee less the Participant's copayment, coinsurance or deductible. Ingredient cost is based on Average Wholesale Prices (AWPs) as reflected in the online system at the time the prescription was filled less a discount as specified in the Participating Pharmacy Agreement.

If a MAC is established to determine the drug product reimbursement then the reimbursement for a drug subject to MAC is not based on a drug that is obsolete, temporarily unavailable, listed on a drug shortage list, or cannot be lawfully substituted.

3. MAC Listing:

Pharmacies will be notified weekly via e-mail that the weekly update has been updated, and that a comprehensive update of the MAC list can be obtained at any time by accessing the Web portal, and/or can be obtained in paper format upon written request. The MAC list is continuously updated and will identify all pricing changes. The list, in comma delimited format, including drug and price information will be provided within two (2) business days of the request.

4. MAC Appeals:

A pharmacy may submit a MAC appeal via the procedure described below.

A contracted pharmacy or the pharmacy's designee may appeal if:

- The MAC established for a drug reimbursement is below the cost at which the drug is available for purchase by pharmacists and pharmacies in Indiana from national or regional wholesalers licensed in Indiana; or
- The pharmacy benefit manager (PBM) has placed a drug on the MAC list in violation of § 27-1-24.5-22 or 760 Ind. Admin. Code 5-4-1.

All submissions are required to be provided in electronic format via the website. Invoices detailing the acquisition costs may be taken into consideration for the appeal but are not required.

The MAC Pricing Dispute Appeal Process is as follows:

- Pharmacies may present an appeal up to sixty (60) days following the initial claim.
- Upon receipt of an appeal:
 - The appealing party shall receive notification that the appeal has been received by the responsible parties including their contact information.
 - The appeal shall be investigated and resolved no later than thirty (30) calendar days after the appeal is received.



- Appeals will be responded to pursuant to the state laws and regulations of the state in which the pharmacy is located.

Web portal posting, advising that all appeals and questions regarding MAC should be directed to an e-mail address and will be restricted to sixty (60) calendar days following the initial claim.

An appeal may also be initiated by a contracted pharmacy, pharmacy service administration organization, or group purchasing organization regardless if an appeal has been previously submitted by a pharmacy or the pharmacy's designee outside of Indiana, by contacting the PBM's designated contact person electronically, by mail or telephone. The appealing party shall follow up with a written request within three (3) business days.

A pharmacy submitting an initial MAC appeal must submit the following information regarding the prescription(s) and the disputed MAC pricing:

- Appeal Date
- Contact Name
- Contact Email Address
- Pharmacy Provider NCPDP ID
- Pharmacy Provider Name
- Rx #
- Fill Date
- NDC
- GPI
- Quantity
- Acquisition Cost Per Unit
- Invoice ID #

Upon receipt of a MAC appeal or request, the claim information and MAC pricing will be verified, as necessary, pursuant to the steps below:

- If the claim is timely submitted, the claim will be investigated to determine whether the claim paid utilized a MAC or if it paid at another pricing type, such as AWP Discount, U&C, Other Coverage Amounts, or other potentially applicable contractually agreed upon pricing designation.
- If the claim was paid utilizing a MAC price, research will begin to determine the applicable EAC.
- If the EAC is found to be higher than the applicable MAC price, the MAC shall be adjusted accordingly using current MAC methodologies:

An initial response to the Pharmacy regarding the MAC appeal will be provided, no more than seven (7) business days following receipt of the appeal. The response to the pharmacy will request additional information, provide approval, or provide a denial of the MAC Appeal.

If the appeal is denied, the pharmacy will be provided the following information:

- Reason for Denial
- NDC number of the prescription drug that is available from a national or regional wholesaler operating in Indiana.

If the appeal is approved, the following will occur:

- Change the maximum allowable cost of the drug for the pharmacy that filed the appeal as of the initial date of service that the appealed drug was dispensed.
- Adjust the maximum allowable cost of the drug for the appealing pharmacy for all other contracted pharmacies in the same network of the pharmacy benefit manager that filled a prescription for patients covered under the same health plan beginning on the initial date of service the appealed drug was dispensed.
- Notify each pharmacy in the pharmacy benefit manager's network that the maximum allowable cost for the drug has been adjusted as a result of an approved appeal.
- Adjust the drug product reimbursement for contracted pharmacies that resubmit claims to reflect the adjusted maximum cost, if applicable.
- Allow the appealing pharmacy and all other contracted pharmacies in the network that filled the prescriptions for patients covered under the same health plan to reverse and resubmit claims and receive payment based on the adjusted maximum allowable cost from the initial date of service the appeal drug was dispensed.
- Make retroactive price adjustments in the next payment cycle unless otherwise agreed to by the pharmacy.