



STATE OF IOWA

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DEPARTMENT OF HUMAN SERVICES
KEVIN W. CONCANNON, DIRECTOR

INFORMATIONAL LETTER NO. 496

To: Iowa Medicaid Pharmacy Providers
From: Iowa Department of Human Services, Iowa Medicaid Enterprise
Date: April 13, 2006
Subject: State Fiscal Year 2005-2006 3% Dispensing Fee Increase
Effective Date: April 10, 2006

The Iowa State Legislature appropriated a 3% increase in reimbursement rates to several Iowa Medicaid provider types effective July 1, 2005. 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 this reimbursement rate increase which would be effective beginning July 1, 2005. In a meeting held on March 30, 2006, CMS 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 2005-2006. As a part of this 3% provider rate reimbursement increase, the pharmacy dispensing fee will be increased from \$4.26 to \$4.39.

Effective April 10, 2006, the pharmacy point-of-sale system began processing pharmacy claims submitted with the new dispensing fee of \$4.39. Pharmacy claims that have been submitted between the dates of July 1, 2005 and April 9, 2006, will need to be adjusted by the IME to reflect the dispensing fee of \$4.39. This adjustment will only be applied to pharmacy claims submitted during this time period that were reimbursed a \$4.26 dispensing fee; it will not include pharmacy claims reimbursed at the usual and customary price. This process of adjusting claims is expected to begin mid-May and should appear on pharmacy remittance statements dated on May 29, 2006.

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).