

August 13, 2020

<Provider Name>
<Provider Address 1>
<Provider Address 2>
<Provider City> <State> <zipcode5-zipcode4>

Dear Provider:

RE: Medicaid Health Plan (MHP) Dispensing Fee – Independent Pharmacies

The purpose of this letter is to notify you that starting with dates of service October 1, 2020, Medicaid Health Plans (MHPs) will be contractually required to pay at least a \$3.00 Professional Dispensing Fee per prescription to pharmacies with a Community Health Automated Medicaid Processing System (CHAMPS) provider specialty of 'Independent'.

This dispensing fee increase was included in the Governor's FY21 Executive Budget recommendation and is possible as a result of savings that the Michigan Department of Health and Human Services (MDHHS) anticipates as a result of the Single Preferred Drug List policy, policy bulletin MSA 20-51. (Bulletins and letters can be found at www.michigan.gov/medicaidproviders >> Policy, Letters & Forms.) MHP capitation rates will be adjusted to account for the increased payment.

MDHHS has provided MHPs with an initial list of Independent pharmacies. MDHHS will also provide the MHPs with weekly updates of any new pharmacies enrolled in CHAMPS with the specialty of 'Independent' or any pharmacies that are no longer an 'Independent' or that CHAMPS enrollment is no longer active.

What is an Independent Pharmacy?

An 'Independent' pharmacy is defined by MDHHS as a pharmacy where any individual owner has 5% or more ownership/ownership interest in less than five stores. A pharmacy where any individual owner has 5% or more ownership/ownership interest in five or more stores is considered a 'Chain' pharmacy.

At the time a pharmacy enrolls in CHAMPS they must select a specialty of either 'Independent' or 'Chain'. Providers are required to update their CHAMPS enrollment to reflect any changes to ownership, specialty, licensure, certification, managing employees, etc. Failure to update CHAMPS enrollment with changes may result in audits, post-payment recoveries, or suspension/termination of enrollment. Pharmacies that no longer meet the definition of an Independent Pharmacy must update their CHAMPS specialty to 'Chain' prior to October 1, 2020 to prevent any post-payment audit recoveries for overpayment related to this Independent pharmacy professional dispensing fee increase.

Emails should be sent to ProviderSupport@michigan.gov for assistance with updating your CHAMPS enrollment. Any other questions can be directed via email to GoethalsV@michigan.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Massey", followed by a horizontal line extending to the right.

Kate Massey, Director
Medical Services Administration