



Iowa Department of Human Services

Terry E. Branstad
Governor

Kim Reynolds
Lt. Governor

Charles M. Palmer
Director

INFORMATIONAL LETTER NO.1146

DATE: July 16, 2012

TO: Iowa Medicaid Physicians

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise (IME)

RE: Two Percent Reduction in Payment for Physician-Administered Drugs

EFFECTIVE: September 1, 2012

As a cost savings initiative included in the department's and Governor's budget proposal, and approved by the Iowa Legislature, effective for dates of service on and after September 1, 2012, reimbursement for drugs administered by a physician when the drugs are billed as a physician service (i.e., billed with "J", "S", "Q", or other applicable HCPCS Level II procedure codes) will be reduced by 2 percent below the reimbursement rates in effect on June 30, 2012.

This is consistent with the legislature's direction to implement new cost containment strategies described in Senate File 2336. Relative to physician-administered drugs, the specific legislative mandate was that "[t]he department shall provide reimbursement for physician-administered drugs at the rates in effect on June 30, 2012, less 2 percent, in order to approximate payment at the average wholesale price, less 12 percent."

This change will make reimbursement for physician-administered drugs more consistent with the current payment methodology for drugs supplied by pharmacies. Physicians will continue to be paid separately for the administration of the drugs as usual.

The IME appreciates your continued partnership as we work to improve the claim processing service quality and accuracy. If you have any questions please contact the IME Provider Services Unit at 1-800-338-7909, locally in Des Moines at 515-256-4609 or email at imeproviderservices@dhs.state.ia.us.