



PROPOSED RULE MAKING

CR-102 (June 2024) (Implements RCW 34.05.320) Do NOT use for expedited rule making

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: September 10, 2024

TIME: 10:26 AM

WSR 24-19-032

Agency: Health Care Authority

Original Notice

Supplemental Notice to WSR _____

Continuance of WSR _____

Preproposal Statement of Inquiry was filed as WSR 24-11-004 ; or

Expedited Rule Making--Proposed notice was filed as WSR _____; or

Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1); or

Proposal is exempt under RCW _____.

Title of rule and other identifying information: (describe subject) 182-530-7150, Reimbursement – Compounded prescriptions; 182-530-8150, Reimbursement – Automated maximum allowable cost (AMAC)

Hearing location(s):

Date:	Time:	Location: (be specific)	Comment:
October 22, 2024	10:00 AM	The Health Care Authority holds public hearings virtually without a physical meeting place	To attend the virtual public hearing, you must register in advance: https://us02web.zoom.us/webinar/register/WN_icWpKqAQTxyCXgTcltuVgA If the link above opens with an error message, please try using a different browser. After registering, you will receive a confirmation email containing information about joining the public hearing

Date of intended adoption: Not sooner than October 23, 2024 (Note: This is **NOT** the **effective** date)

Submit written comments to:

Name HCA Rules Coordinator
Address PO Box 42716, Olympia WA 98504-2716
Email arc@hca.wa.gov
Fax 360-586-9727
Other

Beginning (date and time) September 11, 2024, 8:00 AM

By (date and time) October 22, 2024 by 11:59 PM

Assistance for persons with disabilities:

Contact Johanna Larson
Phone 360-725-1349
Fax 360-586-9727
TTY Telecommunication Relay Service (TRS): 711
Email Johanna.Larson@hca.wa.gov
Other

By (date) October 11, 2024

Purpose of the proposal and its anticipated effects, including any changes in existing rules: The agency is removing all instances of “automated maximum allowable cost” and “AMAC” from WAC 182-530-7150 and repealing WAC 182-530-8150. The agency no longer uses AMAC as a reimbursement method.

Reasons supporting proposal: See Purpose

Statutory authority for adoption: RCW 41.05.021, 41.05.160

Statute being implemented: RCW 41.05.021, 41.05.160

Is rule necessary because of a:

- Federal Law? Yes No
- Federal Court Decision? Yes No
- State Court Decision? Yes No

If yes, CITATION:

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters: None

Name of proponent: (person or organization) Health Care Authority

Type of proponent: Private. Public. Governmental.

Name of agency personnel responsible for:

	Name	Office Location	Phone
Drafting	Brian Jensen	PO Box 42716, Olympia, WA 98504-2716	360-725-0815
Implementation	Wendy Steffens	PO Box 45500, Olympia, WA 98504-5500	360-725-5145
Enforcement	Wendy Steffens	PO Box 45500, Olympia, WA 98504-5500	360-725-5145

Is a school district fiscal impact statement required under [RCW 28A.305.135](#)?

Yes No

If yes, insert statement here:

The public may obtain a copy of the school district fiscal impact statement by contacting:

Name
Address
Phone
Fax
TTY
Email
Other

Is a cost-benefit analysis required under [RCW 34.05.328](#)?

Yes: A preliminary cost-benefit analysis may be obtained by contacting:

Name
Address
Phone
Fax
TTY
Email
Other

No: Please explain: RCW 34.05.328 does not apply to Health Care Authority rules unless requested by the Joint Administrative Rules Review Committee or applied voluntarily.

Regulatory Fairness Act and Small Business Economic Impact Statement

Note: The [Governor's Office for Regulatory Innovation and Assistance \(ORIA\)](#) provides support in completing this part.

(1) Identification of exemptions:

This rule proposal, or portions of the proposal, **may be exempt** from requirements of the Regulatory Fairness Act (see [chapter 19.85 RCW](#)). For additional information on exemptions, consult the [exemption guide published by ORIA](#). Please check the box for any applicable exemption(s):

This rule proposal, or portions of the proposal, is exempt under [RCW 19.85.061](#) because this rule making is being adopted solely to conform and/or comply with federal statute or regulations. Please cite the specific federal statute or regulation this rule is being adopted to conform or comply with, and describe the consequences to the state if the rule is not adopted.

Citation and description:

This rule proposal, or portions of the proposal, is exempt because the agency has completed the pilot rule process defined by [RCW 34.05.313](#) before filing the notice of this proposed rule.

This rule proposal, or portions of the proposal, is exempt under the provisions of [RCW 15.65.570\(2\)](#) because it was adopted by a referendum.

- This rule proposal, or portions of the proposal, is exempt under [RCW 19.85.025\(3\)](#). Check all that apply:
 - [RCW 34.05.310](#) (4)(b)
(Internal government operations)
 - [RCW 34.05.310](#) (4)(c)
(Incorporation by reference)
 - [RCW 34.05.310](#) (4)(d)
(Correct or clarify language)
 - [RCW 34.05.310](#) (4)(e)
(Dictated by statute)
 - [RCW 34.05.310](#) (4)(f)
(Set or adjust fees)
 - [RCW 34.05.310](#) (4)(g)
(i) Relating to agency hearings; or (ii) process requirements for applying to an agency for a license or permit)

This rule proposal, or portions of the proposal, is exempt under [RCW 19.85.025\(4\)](#). (Does not affect small businesses).

This rule proposal, or portions of the proposal, is exempt under RCW _____.

Explanation of how the above exemption(s) applies to the proposed rule: The proposed rule removes references to an obsolete reimbursement method and does not impose any costs on businesses.

(2) Scope of exemptions: *Check one.*

- The rule proposal: Is fully exempt. (*Skip section 3.*) Exemptions identified above apply to all portions of the rule proposal.
- The rule proposal: Is partially exempt. (*Complete section 3.*) The exemptions identified above apply to portions of the rule proposal, but less than the entire rule proposal. Provide details here (consider using [this template from ORIA](#)):
- The rule proposal: Is not exempt. (*Complete section 3.*) No exemptions were identified above.


(3) Small business economic impact statement: *Complete this section if any portion is not exempt.*

If any portion of the proposed rule is **not exempt**, does it impose more-than-minor costs (as defined by RCW 19.85.020(2)) on businesses?

- No Briefly summarize the agency’s minor cost analysis and how the agency determined the proposed rule did not impose more-than-minor costs. _____
- Yes Calculations show the rule proposal likely imposes more-than-minor cost to businesses and a small business economic impact statement is required. Insert the required small business economic impact statement here:

The public may obtain a copy of the small business economic impact statement or the detailed cost calculations by contacting:

- Name
- Address
- Phone
- Fax
- TTY
- Email
- Other

Date: September 10, 2024	Signature: 
Name: Wendy Barcus	
Title: HCA Rules Coordinator	

WAC 182-530-7150 Reimbursement—Compounded prescriptions. (1)

The medicaid agency does not consider reconstitution to be compounding.

(2) The agency covers a drug ingredient used for a compounded prescription only when the manufacturer has a signed rebate agreement with the federal Department of Health and Human Services (DHHS).

(3) The agency considers bulk chemical supplies used in compounded prescriptions as nondrug items, which do not require a drug rebate agreement. The agency covers such bulk chemical supplies only as specifically approved by the agency.

(4) The agency reimburses pharmacists for compounding drugs only if the client's drug therapy needs are unable to be met by commercially available dosage strengths or forms of the medically necessary drug.

(a) The pharmacist must ensure the need for the adjustment of the drug's therapeutic strength or form is well-documented in the client's file.

(b) The pharmacist must ensure that the ingredients used in a compounded prescription are for an approved use as defined in "medically accepted indication" in WAC 182-530-1050.

(5) The agency requires that each drug ingredient used for a compounded prescription be billed to the agency using its eleven-digit national drug code (NDC) number.

(6) Compounded prescriptions are reimbursed as follows:

(a) The agency allows only the lowest cost for each covered ingredient, whether that cost is determined by actual acquisition cost (AAC), federal upper limit (FUL), maximum allowable cost (MAC), (~~automated maximum allowable cost (AMAC),~~) or amount billed.

(b) The agency applies current prior authorization requirements to drugs used as ingredients in compounded prescriptions, except as provided under (c) of this subsection. The agency denies payment for a drug requiring authorization when authorization is not obtained.

(c) The agency may designate selected drugs as not requiring authorization when used for compounded prescriptions. For the list of selected drugs, refer to the agency's prescription drug program billing instructions.

(d) The agency pays a professional dispensing fee as described under WAC 182-530-7050 for each drug ingredient used in compounding when the conditions of this section are met and each ingredient is billed separately by the eleven-digit NDC.

(e) The agency does not pay a separate fee for compounding time.

(7) The agency requires pharmacists to document the need for each inactive ingredient added to the compounded prescription. The agency limits reimbursement to the inactive ingredients that meet the following criteria. To be reimbursed by the agency, each inactive ingredient must be:

(a) A necessary component of a compounded drug; and

(b) Billed by an eleven-digit national drug code (NDC).

REPEALER

The following section of the Washington Administrative Code is repealed:

WAC 182-530-8150 Reimbursement—Automated maximum
allowable cost (AMAC).