

Provider-Administered Drug Pricing

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Scope and history

This guide applies to all providers, non-physician providers, subcontractors and facilities who submit for reimbursement of pharmaceuticals under CareOregon medical plan of benefits. The purpose of this guide is to provide clarity on the payment methodology used to determine the allowable rate for manually priced pharmaceutical claims under the medical plan of benefits.

The Oregon Administrative Rule 410-121-0155 for Pharmaceutical Services Reimbursement under the Medical Assistance program indicates that the ingredient cost is established by the following:

The Oregon Average Actual Acquisition Cost (OR-AAAC) of the drug;

In cases where no OR-AAAC is available, the National Average Drug Acquisition Cost (NADAC);

In cases where no OR-AAAC and no NADAC is available, the Wholesale Acquisition Cost (WAC).

The Oregon Administrative Rule 410-120-1340 for Medical Assistance Program Payment

(D) Physician-administered drugs billed under a HCPCS code are 100 percent of the Medicare rate;

(i) When no Medicare rate is available, the rate is based upon the Wholesale Acquisition Cost (WAC) provided by First Data Bank;

(ii) If no WAC is available, then the rate is the Acquisition Cost. These rates may change periodically based on drug costs;

410-121-0000 Pharmaceutical Services Definition of Terms

(mm) "Wholesale Acquisition Cost (WAC)" means the price paid by a wholesaler for drugs purchased from the wholesaler's supplier, typically the manufacturer of the drug. WAC is the price of a covered product by the National Drug Code (NDC) as published by First DataBank, MediSpan, or Red Book;

Policy/guidelines

CareOregon has elected to use MediSpan as the resource for obtaining the Average Wholesale Price (AWP) of medications that are billed under the medical plan. Medical provider-administered medications that are billed under the medical plan, which do not have a set fee by CMS or Oregon Health Authority, will be priced at either 35% of billed or the MediSpan AWP. CareOregon also reserves the right to request the provider's acquisition cost of the drug products to determine appropriate reimbursement.

Any dispute of the reimbursement rate will need to include invoices illustrating the provider's true acquisition cost of the drug products dispensed to the member.

Definitions

Average Wholesale Price (AWP): A benchmark figure representing the average price at which wholesalers sell drugs to pharmacies and other providers.

Purpose: Often referred to as the "sticker price," it is used to determine third-party reimbursement rates³².

Calculation: Typically calculated by applying a markup (usually around 20%) to the WAC or direct price (DIRP) provided by the manufacturer.

Medi-Span: a comprehensive drug database solution provided by Wolters Kluwer. It offers a suite of embedded drug data tools designed to support medication-related decisions across the healthcare continuum. Medi-Span synthesizes extensive drug data into intelligent databases and integrated tools, which can be used in hospitals, pharmacies, and other healthcare settings to educate, alert, and support faster and better-informed decision-making.

National Drug Code (NDC): A unique identifier for medications in the United States, consisting of a 10-digit or 11-digit, three-segment number. This code serves as a universal product identifier for human drugs. The three segments of the NDC represent the labeler (manufacturer, repackager, or distributor), the product (specific strength, dosage form, and formulation), and the package (size and type). For reimbursement purposes, all pharmaceuticals must be accompanied by the 11-digit NDC, along with the drug quantity and unit of measure.

Wholesale Acquisition Cost (WAC): The list price set by manufacturers for wholesalers and direct purchasers before any discounts or rebates.

Purpose: Serves as a baseline price for negotiations and is used by pharmacies to buy drugs from wholesalers¹.

Calculation: Determined by the manufacturer and reported to pricing data publishers.

References

[Oregon Secretary of State Administrative Rule 410-121-0155](#)

[Oregon Secretary of State Administrative Rule 410-148-0120](#)

[Oregon Secretary of State Administrative Rule 410-120-1340](#)

[Oregon Secretary of State Administrative Rule 410-121-0000](#)

This document is provided for informational purposes only and should not be construed as legal advice. Any cited statutes are current as of the date of publication of this guide.

These guidelines have been developed to accompany and complement the official conventions and instructions provided within the American Medical Association's Current Procedural Terminology (CPT) itself. Additions and deletions conform it to the most recent publications of CPT and HCPCS Level II and to changes in CareOregon and its affiliates coverage policy and payment status, and as such these guidelines are current as of 01/01/2025. Every reasonable effort has been taken to ensure that the educational information provided is accurate and useful. CareOregon and its affiliates make no claim, promise, or guarantee of any kind about the accuracy, completeness, or adequacy of the content for a specific claim, situation, or provider office application, and expressly disclaim liability for errors and omissions in such content. As CPT codes change annually, you should reference the current version of published coding guidelines and/or recommendations from nationally recognized coding organizations for the most detailed and up-to-date information.