12.a. Prescribed Drugs: Description of Service Limitation

Citation(s)	Provision(s)
☒	(d) prescription vitamins and mineral products.
☒	(e) nonprescription drugs. Selective non-prescription (over the counter) medications will be covered as listed on the state's website.
☒	(f) covered outpatient drugs which the manufacturer seeks to require as a condition of sale that associated tests or monitoring services be purchased exclusively from the manufacturer, or its designee.

Supplemental Rebates

- Beginning July 1, 2026, New Mexico became part of The Optimal Preferred Drug List (PDL) $olution (TOP$). TOP$ negotiates supplemental rebates for New Mexico. The State retains all options to accept or reject offers. Drugs from manufacturers who do not participate in the supplemental rebate program will continue to be available to Medicaid beneficiaries.

- The State may enter into a single, state-specific Supplemental Rebate Agreement (SRA) with a drug manufacturer to be utilized by fee-for-service providers and Managed Care Organizations (MCOs) contracted with the Medicaid program. These contracts will be executed based on the model agreement entitled "State of New Mexico Supplemental Rebate Agreement" authorized for use beginning July 1, 2026.

- The State may enter into value-based contracts with ~~manufacturers~~ a drug manufacturer. These contracts will be executed based on the model agreement entitled "Value-Based Supplemental Rebate Agreement" authorized for use beginning January 1, 2025.

- Supplemental rebates received by the ~~S~~state for the Medicaid population in excess of those required under the ~~n~~National ~~d~~Drug ~~r~~Rebate ~~a~~Agreement (NDRA) will be shared with the federal government. The ~~s~~State will remit the federal portion of any ~~cash state~~ supplemental rebates collected on the same percentage basis as applied under the ~~national rebate agreement~~ NDRA.

12.a. Prescribed Drugs: Description of Service Limitation

- All drugs covered by the Medicaid program, irrespective of a prior authorization agreement, will comply with the provisions of the ~~national rebate agreement~~ NDRA.

- The prescribed drugs benefit will remain consistent with all other requirements and service limitations as described under "Item 12.a Prescribed Drugs" in State Supplement A to Attachment 3.1-A.

Single State-Managed Preferred Drug List

- Effective July 1, 2026, New Mexico shall implement a state-managed, unified PDL to be utilized by fee-for-service providers and MCOs contracted with the Medicaid program.

Drug Shortages

- Prescribed drugs that are not covered outpatient drugs (including drugs authorized for import by the Food and Drug Administration) are covered when medically necessary during drug shortages identified by the Food and Drug Administration.

II. Payment for Prescribed Drugs

For the New Mexico Medicaid Fee-for-Service program~~,~~:

A. Payment~~:~~

Reimbursement for the drug ingredient cost shall be the lowest of:

1. The Affordable Care Act Federal Upper Limit (FUL) plus the P~~p~~rofessional D~~d~~ispensing F~~f~~ee (PDF);
2. The National Average Drug Acquisition Cost (NADAC) plus the PDF;
3. The Wholesaler's Average Cost (WAC)~~+ 06% plus the PDF~~;
4. The pharmacy's reported ingredient cost plus the PDF; or
5. The U~~u~~sual and C~~c~~ustomary charge (U&C).

The PDF is $10.30.

When the drug item is for a brand name drug that is also a multi-source drug, the Actual Acquisition Cost~~,~~ (AAC) will be calculated using the generic equivalent of the brand name drug unless the prescriber has written in his or her own hand "brand medically necessary" on the prescription, in which case reimbursement will be at the AAC of the NADAC for the brand name drug item plus a $10.30 PDF, not to exceed the pharmacy's U&C.

B. Allowed Fees in Addition to the Professional Dispensing Fee (PDF)

Reimbursement for compounding fees is limited to the provider's usual additional charge for compounding not to exceed $12.00.

C. Payment Provisions for Blood Clotting Factors

Reimbursement for clotting factors will be at the lower of the submitted ingredient cost or WAC ~~plus 06%,~~ plus a $10.30 PDF, not to exceed the pharmacy's U&C.

D. Payment Provisions for 340B Drugs

Payment to 340B covered entities for drugs purchased at 340B prices authorized under Section 340B of the Public Health Services Act will be at the 340B actual acquisition cost plus a $10.30 PDF, not to exceed the pharmacy's U&C.

E. Payment Provisions for Drugs Acquired U~~u~~nder Federal Supply Schedule (FSS) Pricing

Payment for drugs purchased at FSS prices will be at the FSS actual acquisition cost of the drug plus a $10.30 PDF, not to exceed the pharmacy's U&C.

F. Payment to Indian Health Service Pharmacies and Tribal 638 Healthcare Pharmacies

1. Payment to all Indian Health Service and Tribal 638 pharmacies shall be at the All-Inclusive Rate (AIR), published annually in the Federal Register. One AIR reimbursement shall be made for each pharmacy claim and is not limited to a certain number of prescriptions per day. Submission of a pharmacy claim means that the Medicaid beneficiary ~~recipient~~ received at least one drug item dispensed from the pharmacy, whether a new item or a refill.
2. The applicable AIR shall be determined by the date of service submitted on the pharmacy claim. Pharmacies reimbursed using the AIR will not be eligible for a PDF~~professional dispensing fee.~~
3. The AIR for pharmacy services may be billed in addition to the AIR for other outpatient facility medical or behavioral health services that are provided on the same day.

When the drug item is for a brand name drug that is also a multi-source drug, the AAC will be calculated using the generic equivalent of the brand name drug unless the prescriber has written in his or her own hand "brand medically necessary" on the prescription, in which case reimbursement will be at the AAC of the NADAC for the brand name drug item plus a $10.30 PDF, not to exceed the pharmacy's U&C.

G. Payment for Drugs Not Distributed by a Retail Community Pharmacy and Distributed Through the Mail (S~~s~~uch as Specialty Drugs)

Reimbursement for the drug ingredient cost shall be the lowest of:

1. The Affordable Care Act Federal Upper Limit (FUL) plus the P~~p~~rofessional D~~d~~ispensing F~~f~~ee (PDF);
2. The National Average Drug Acquisition Cost (NADAC) plus the PDF;
3. The Wholesaler's Average Cost (WAC)~~+ 06% plus the PDF~~;
4. The pharmacy's reported ingredient cost plus the PDF; or
5. The U~~u~~sual and C~~c~~ustomary charge (U&C).

The PDF is $10.30.

When the drug item is for a brand name drug that is also a multi-source drug, the AAC will be calculated using the generic equivalent of the brand name drug unless the prescriber has written in his or her own hand "brand medically necessary" on the prescription, in which case reimbursement will be at the AAC of the NADAC for the brand name drug item plus a $10.30 PDF, not to exceed the pharmacy's U&C.

H. Payment for Drugs Not Distributed by a Retail Community Pharmacy (Such as a Long-Term Care Facility)

Reimbursement for the drug ingredient cost shall be the lowest of:

1. The Affordable Care Act Federal Upper Limit (FUL) plus the Ppprofessional Ddispensing Ffee (PDF);
2. The National Average Drug Acquisition Cost (NADAC) plus the PDF;
3. The Wholesaler's Average Cost (WAC)~~+ 06% plus the PDF~~;
4. The pharmacy's reported ingredient cost plus the PDF; or
5. The Uusual and Ccustomary charge (U&C).

The PDF is $10.30.

When the drug item is for a brand name drug that is also a multi-source drug, the AAC will be calculated using the generic equivalent of the brand name drug unless the prescriber has written in his or her own hand "brand medically necessary" on the prescription, in which case reimbursement will be at the AAC of the NADAC for the brand name drug item plus a $10.30 PDF, not to exceed the pharmacy's U&C.

I. Investigational Drugs

The New Mexico Medicaid program does not cover investigational drugs.

J. Physician Administered Drugs

Physician administered drugs are reimbursed at the Average Sales Price (ASP) determined by CMS and posted on the federal "ASP Drug Pricing Files" webpage, which is (updated quarterly). A PDF~~professional dispensing fee~~ is not paid. An administration fee, set at the Medicare rate, is paid only when the drug item is a vaccine covered under the Vaccines for Children program.