

# Average Acquisition Cost Program Frequently Asked Questions

## Background

The Tennessee Division of Health Care Finance & Administration (TennCare) has contracted with Mercer Government Human Services Consulting (Mercer), part of Mercer Health and Benefits LLC, to establish and maintain an Average Acquisition Cost (AAAC) program for generic and brand drug products. The objective of the AAAC program is to establish upper limit generic and brand ingredient reimbursement rates that encourage efficient purchasing while being responsive to drug pricing fluctuations.

### Whom may I contact with questions?

Provider input is welcome. For AAAC survey and rate information, providers can contact the Mercer helpdesk. Providers can discuss:

- Changes in acquisition cost of a drug
- Changes in product availability
- Questions regarding AAAC rates
- Questions concerning drugs on the AAAC rate list
- How to obtain a copy of the AAAC rate list
- Other questions, comments, or concerns

Please contact the TennCare for policy questions.

### Contact Mercer Helpdesk by telephone, fax, e-mail, or mail

Parties who wish to discuss questions, comments, or concerns about the AAAC program may contact Mercer on weekdays between 8:00 A.M. and 5:00 P.M. (Central Time) as follows:

- Helpdesk Phone: 1 844 294 9982
- E-mail: [mercerrxpassage@mercer.com](mailto:mercerrxpassage@mercer.com)
- Fax: 1 612 642 8931

- Mailing Address: Marsh & McLennan Companies  
2323 E. Camelback Road, Suite 600  
Phoenix, AZ 85016

### **Why might TennCare request information about my pharmacy's drug purchases?**

We are requesting information about your drug purchases to calculate and regularly update AAAC rates for TennCare. The State of Tennessee has contracted with Mercer to determine the AAAC for TennCare participating pharmacies.

### **Why should I send information about my pharmacy's drug purchases to TennCare, if requested to do so?**

The AAAC rates are based on Tennessee Medicaid pharmacy providers' actual experiences purchasing drug products. The requested information ensures that the established AAAC rates fully consider providers' cost experience in the marketplace.

### **What are the acceptable methods to transmit my drug purchase information?**

For drug purchases made during the identified time period requested by TennCare:

- Providers can navigate to the MercerRx provider portal page to upload invoices
- Providers can also provide this data via e-mail in an electronic format. Electronic files can be accepted in Excel, pdf, and text file format
- Providers may request that its wholesaler electronically send this information to Mercer

Informational letters that accompany the survey request will have more detailed submission information.

### **What will TennCare do with drug purchase information it receives from me?**

The State of Tennessee has contracted with Mercer to assist in developing and maintaining the AAAC program. Mercer will use drug purchase information submitted by pharmacies for the purpose of establishing, evaluating, maintaining, and updating AAAC rates.

Please note that all information collected through this survey will remain protected and confidential in accordance with Tennessee law at Tenn. Code Ann. § 71-5-142. Neither TennCare nor Mercer will release or otherwise make public any information that names and/or discloses the business, financial, personnel or other information provided by individual pharmacies or chains in the course of completing this survey.

### **How will the AAAC rates be updated?**

State AAAC rates will be updated on a semi-annual basis as part of the ongoing acquisition cost studies. Invoice costs are collected, reviewed, and analyzed to calculate an AAAC on the drug group level. Outside of the semi-annual survey process, AAAC rates are eligible to be updated on a weekly basis due to changes in published pricing. For example, if the Wholesale Acquisition Cost increases by 10% for a given product, the AAAC for the same product would increase by 10%. This is done to ensure the AAAC rates are reflective of what is currently happening in the marketplace.

### **How often will I be asked to provide drug purchase information?**

TennCare will examine acquisition costs semi-annually to revise AAAC rates. Semi-annual surveys will randomly choose providers. TennCare anticipates that providers should be selected no more than once every two years for participation in the TennCare acquisition cost survey.

### **What timeframe should I include for my drug purchase information?**

Mercer will identify the timeframe requested for the drug purchase information. Typically, Mercer will be requesting drug purchase information for the most recently completed month.

### **How do I report concerns about product prices or product availability?**

There will be multiple ways to contact Mercer to report a product availability issue or concerns regarding product prices. Phone, e-mail, fax, and website will all be available options.

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