

**Bobby Jindal**  
GOVERNOR



**Bruce D. Greenstein**  
SECRETARY

## State of Louisiana

Department of Health and Hospitals  
Office of the Secretary

December 21, 2012

Mr. Bill Brooks  
Associate Regional Administrator  
Division of Medicaid & Children's Health  
DHHS/Centers for Medicare and Medicaid Services  
1301 Young Street, Room #833  
Dallas, Texas 75202

Dear Mr. Brooks:

**RE: Louisiana Title XIX State Plan  
Transmittal No. 12-66**

I have reviewed and approved the enclosed Louisiana Title XIX State Plan material.

I recommend this material for adoption and inclusion in the body of the State Plan.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bruce D. Greenstein".

Bruce D. Greenstein  
Secretary

Attachments

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

**12-66**

2. STATE

**Louisiana**

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE  
SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

**November 1, 2012**

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN       AMENDMENT TO BE CONSIDERED AS NEW PLAN       AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

**42 CFR 447, Subpart D**

7. FEDERAL BUDGET IMPACT:

a. FFY 2012      **(\$3,022.98)**  
b. FFY 2013      **(\$11,437.11)**

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

**Attachment 4.19-B, Item 12a, Page 2, 4, 5, and 7**

9. PAGE NUMBER OF THE SUPERSEDED PLAN  
SECTION OR ATTACHMENT (If Applicable):

**Pending (TN 12-55)**

10. SUBJECT OF AMENDMENT: **The purpose of this SPA is revise the provisions of the September 5, 2012  
Emergency Rule governing methods of payment for prescription drugs covered under the Pharmacy  
Benefits Management Program.**

11. GOVERNOR'S REVIEW (Check One):

- GOVERNOR'S OFFICE REPORTED NO COMMENT  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:  
**The Governor does not review state plan material.**

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

**Bruce D. Greenstein**


14. TITLE:

**Secretary**

15. DATE SUBMITTED:

**December 21, 2012**

16. RETURN TO:

  
**J. Ruth Kennedy, Medicaid Director  
State of Louisiana  
Department of Health and Hospitals  
628 N. 4<sup>th</sup> Street  
PO Box 91030  
Baton Rouge, LA 70821-9030**

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

18. DATE APPROVED:

**PLAN APPROVED – ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

22. TITLE:

23. REMARKS:

**LOUISIANA TITLE XIX STATE PLAN**

**TRANSMITTAL #:** 12-66

**TITLE:** Pharmacy Benefits Management Program--Methods of Payment

**EFFECTIVE DATE:** November 1, 2012

**FISCAL IMPACT**

**Decrease**

	year		*# mos	range of mos.	dollars
1st SFY	2013		8	November 2012 - June 2013	(\$11,552,406)
2nd SFY	2014		12	July 2013- June 2014	(\$17,848,467)
3rd SFY	2015		12	July 2014 - June 2015	(\$18,383,921)

\*#mos-Months remaining in fiscal year

**Total Decrease in Cost FFY 2012**

SFY	2013	(\$11,552,406) for	8	months	November 2012 - June 2013	
		(\$11,552,406) /	8 X	3 months	July 2012 - September 2012	=
						<u>(\$4,332,152)</u>

**FFP (FFY 2012 )= (\$4,332,152) X 69.78% = (\$3,022,976)**

**Total Decrease in Cost FFY 2013**

SFY	2013	(\$11,552,406) for	8	months	November 2012 - June 2013	
		(\$11,552,406) /	8 X	9	October 2012 - June 2013	=
						(\$12,996,457)
SFY	2014	(\$17,848,467) for	12	months	July 2013- June 2014	
		(\$17,848,467) /	12 X	3	July 2013 - September 2013	=
						<u>(\$4,462,117)</u>
						<u>(\$17,458,574)</u>

**FFP (FFY 2013 )= (\$17,458,574) X 65.51% = (\$11,437,112)**

**PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES**

**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER TYPES OF CARE OR SERVICES LISTED IN SECTION 1902(a) OF THE ACT THAT ARE INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:**

<u>CITATION</u>	Medical and Remedial
<u>42 CFR</u>	Care and Services
<u>447 Subpart D</u>	Item 12.a.(Continued)

**A. Definitions**

340B Program - the federal drug discount program established under Section 340B of the Public Health Service Act and administered by the Office of Pharmacy Affairs within Health Resources and Services Administration (HRSA).

Average Acquisition Cost (AAC) – the average of payments that pharmacists made to purchase a drug product as determined through the collection and review of pharmacy invoices and other information deemed necessary, in accordance with applicable state and Federal law.

Dispensing Fee - the fee paid by the Medicaid Program to reimburse for the overhead and labor expense incurred by pharmacy providers, such as professional services provided by a pharmacist when dispensing a prescription, including the provider fee assessed for each prescription filled in the state of Louisiana or shipped into the state of Louisiana per legislative mandate.

Estimated Acquisition Cost (EAC) - the Average Acquisition Cost (AAC) of the drug dispensed adjusted by a multiplier of 1.1 for multiple source drugs and a multiplier of 1.01 for single-source drugs. If there is not an AAC available, the EAC is equal to the Wholesale Acquisition Cost (WAC), as reported in the drug pricing compendia utilized by the Department's fiscal intermediary. For department-defined specialty therapeutic classes, the EAC is the Wholesale Acquisition Cost adjusted by a multiplier of 1.05.

Multiple Source Drug - a drug marketed or sold by two or more manufacturers or labelers or a drug marketed or sold by the same manufacturer or labeler under two or more different proprietary names or both under a proprietary name and without such a name.

Provider Fee - The provider fee is a legislatively mandated fee that is assessed for each prescription filled. The amount of the provider fee is developed by the legislature.

Single Source Drug - a drug marketed or sold by one manufacturer or labeler.

Usual and Customary Charge – a pharmacy's charge to the general public that reflects all advertised savings, discounts, special promotions, or other programs, including membership-based discounts initiated to reduce prices for product costs available to the general public, a special population, or an inclusive category of customers.

Wholesale Acquisition Cost (WAC) – the manufacturer's published catalog price for a drug product to wholesalers as reported to the Department by one or more national compendia on a weekly basis.

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TN# \_\_\_\_\_  
Supersedes  
TN# \_\_\_\_\_

Approval Date \_\_\_\_\_

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<u>42 CFR</u>	Care and Services
<u>447 Subpart D</u>	Item 12.a.(Continued)

2. Payments for Drugs under the Public Health Service 340B Program

Effective September 5, 2012 and thereafter, payments for drugs obtained through 340B will include the acquisition cost plus a dispensing fee as specified in Section V.

**D. Lower of Reimbursement for Single Source Drugs and Multiple Source Drugs**

1. The agency shall make payments for Single Source Drugs based on the lower of:

- a. The Medicaid Estimated Acquisition Cost of the drug product, plus the established dispensing fee;
- b. The provider's usual and customary charges to the general public, not to exceed the "Maximum Pharmaceutical Price Schedule."

3. The agency shall make payments for Multiple Source Drugs other than drugs subject to "physician certification" based on the lower of:

- a. Any applicable Medicaid Estimated Acquisition Cost limit, plus the established dispensing fee;
- b. Any applicable Federal Upper Limit for multiple source drugs, plus the established dispensing fee;
- c. The provider's usual and customary charges to the general public, not to exceed the "Maximum Pharmaceutical Price Schedule."

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CITATION

Medical and Remedial

42 CFR

Care and Services

447 Subpart D

Item 12.a.(Continued)

Anti-coagulants	Cardiovascular Drugs including:	Ferrous Sulfate
Anti-convulsants	Diuretics	Folic Acid
Anti-diabetics (Oral)	Antihypertensives	Nicotinic Acid
Calcium Gluconate	Antihyperlipidemics	Potassium Supplements
Calcium Lactate	Estrogens	Thyroid & Anti-thyroid drugs
Calcium Phosphate	Ferrous Gluconate	Vitamin A, D, K, & B12 injection

- C. For patients in nursing homes, the pharmacist shall bill for a minimum of a month’s supply of medication unless the treating physician specifies a smaller quantity for a special medical reason.
- D. Payment will not be made for narcotics prescribed only for narcotic addiction.
- E. Enrollees shall have free choice of pharmacy unless subject to the agency’s “lock-in” procedures.
- F. Vendor payments will not be made for medications which are included under another service (In-patient Hospital, LTC, etc.). The provisions applicable to such service plans shall apply during the time the service is provided.
- G. Payment will be made for prescriptions refilled for drugs other than controlled substances not more than eleven times or more than 1 year after issue date and only to the extent indicated by the prescriber on the original prescription, and is restricted by state and federal statutes. Payment will be made for prescriptions refilled for controlled substances in Schedule III, IV & V not more than five times or more than six months after issue date and only to the extent indicated by the prescriber on the original prescription, and is restricted by state and federal statutes. The prescriber is required to state on the prescription the number of times it may be refilled.
- H. Prescriptions for drugs other than controlled substances covered under the Medicaid Program shall expire one year after the date prescribed by a physician or other prescribing practitioner. A prescription for a controlled dangerous substance in Schedule II, III, IV, or V shall expire six months after the date written. Expired prescriptions shall not be refillable or renewable. Transfer of a prescription for drugs other than controlled substances from one pharmacy to another is allowed if less than one year has passed since the date prescribed. Transfer of a prescription for controlled substance in schedule III, IV & V from one pharmacy to another is allowed if less than six months has passed since the date prescribed, and transfer of prescription for controlled substance in Schedule II are not allowed. These transfers are allowed in accordance with the Louisiana Board of Pharmacy Regulations.
- I. A prescriber who has a sub office in an area more than five miles from a pharmacy or other facility dispensing medications shall not be paid for medication dispensed, if the main office is within five miles of a pharmacy or other facility dispensing medications.

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**V. DISPENSING FEE**

**A. Establishment of Dispensing Fee**

The dispensing fee shall be set by the Department and reviewed periodically for reasonableness and, when deemed appropriate by the Medicaid Program, may be adjusted considering such factors as fee studies or surveys.

Provider participation in the Louisiana Dispensing Fee Survey shall be mandatory. Failure to cooperate in the Louisiana Dispensing Fee Survey by a provider shall result in removal from participation as a provider of pharmacy services in the Medicaid Program. Any provider removed from participation shall not be allowed to re-enroll until a dispensing fee survey document is properly completed and submitted to the Department.

**B. Dispensing Fees**

1. The dispensing fee for drugs dispensed to Louisiana Medicaid enrollees will be up to \$10.51 per prescription. This includes the provider fee assessed for each prescription filled in the state or shipped into the state, per legislative mandate.
2. The dispensing fee for drugs dispensed to Louisiana Medicaid enrollees and obtained through the Public Health Service 340B Program will be up to \$10.51 per prescription. This includes the provider fee assessed for each prescription filled in the state or shipped into the state.