



Center for Medicaid and CHIP Services

Disabled and Elderly Health Programs Group

September 7, 2018

Jen Steele, Medicaid Director
State of Louisiana
Department of Health
628 North 4th Street
P.O. Box 91030
Baton Rouge, LA 70821-9030

Dear Ms. Steele:

We have reviewed Louisiana's State Plan Amendment (SPA) 18-0004 received in the Dallas Regional Office on May 11, 2018. This amendment addresses concerns raised in the companion letter issued with Louisiana SPA 17-0008, in which CMS requested a better understanding as to how the state will ensure that reimbursement rates for physician administered drugs are current. SPA 18-0004 proposes the physician-administered drugs reimbursement methodology to be the average sales price (ASP) +6% for drugs appearing on the Medicare file, which is the Louisiana Medicare rate. Physician-administered drugs that do not appear on the Medicare file will be reimbursed at the wholesale acquisition cost (WAC) +0%, or 100% of the provider's current invoice if a WAC rate is not available.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 18-0004 is approved with an effective date of July 1, 2018. A copy of the signed CMS-179 form, as well as the pages approved for incorporation into Louisiana's state plan will be forwarded by the Dallas Regional Office.

If you have any questions regarding this amendment, please contact Terry Simananda at (410) 786-8144 or terry.simananda@cms.hhs.gov.

Sincerely,

/s/

John M. Coster, Ph.D., R.Ph.
Director
Division of Pharmacy

CC: Bill Brooks, ARA, CMS, Dallas Regional Office
Cheryl Rupley, CMS, Dallas Regional Office

STATE OF LOUISIANA

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>Prescription drugs, dentures, and prosthetic devices and Eyeglasses</u>
42 CFR 447	Care and Services	<u>Prescribed by a Physician Skilled in Diseases of the Eye, or by an</u>
	Item 12.a.	<u>Optometrist.</u>

Physician-Administered Drugs

Medicaid covered physician-administered drugs shall be reimbursed according to the applicable Louisiana Medicaid fee schedule.

Periodic updates to the rates shall be made to ensure compliance with Section 1902(a)(30)(A) of the Social Security Act. At a minimum, annual updates shall be made to the rates for physician-administered drugs.

1. Physician Office Setting

Reimbursement for Medicaid covered physician-administered drugs in a physician office setting shall be established at the current Louisiana Medicare rate, which is average sales price (ASP) plus 6 percent, for drugs appearing on the Medicare file.

Reimbursement rates for physician-administered drugs in a physician office setting that do not appear on the Medicare file shall be determined utilizing the following alternative methods:

- a. Use of the wholesale acquisition cost (WAC) of the drug, if available.
- b. If there is no WAC rate available, the reimbursement rate will be 100 percent of the provider's current invoice for the dosage administered.

2. Outpatient Hospital Setting

Interim payment rate for claims is the hospital specific cost to charge ratio. Final payment is made during the cost report settlement process at the percentage of allowable costs specified in our approved state plan for the type of hospital and applicable dates of service. This applies to both 340B and regular drug stock in this setting.

State: Louisiana
Date Received: 5-11-18
Date Approved: 9-7-18
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Transmittal Number: 18-0004

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3. 340B Physician Administered Drugs

For those Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs) that are reimbursing using the encounter rate, reimbursement for 340B physician administered drugs will be encompassed in the all-inclusive rate. All other 340B physician administered drugs will be reimbursed in accordance with Section 2, Outpatient Hospital Setting.

Clotting Factor

Pharmacy claims for clotting factor will be reimbursed using the brand/generic drug reimbursement methodology plus a professional dispensing fee.

Investigational or Experimental Drugs

Investigational or experimental drugs shall not be reimbursed by Louisiana Medicaid.

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