



**State of Louisiana**  
Louisiana Department of Health  
Bureau of Health Services Financing

**VIA ELECTRONIC MAIL ONLY**

August 8, 2018

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: LA SPA TN 18-0004 RAI Response  
Pharmacy Benefits Management Program - Physician-Administered Drugs  
Reimbursement Methodology**

Please refer to our proposed amendment to the Medicaid State Plan submitted under transmittal number (TN) 18-0004 with the proposed effective date of July 1, 2018. The State Plan amendment (SPA) proposes amend the provisions governing Pharmacy Benefits Management Program - Physician-Administered Drugs Reimbursement Methodology. We are providing the following in response to your request for additional information (RAI) dated August 3, 2018.

Access

1. Please discuss whether the proposed reimbursement changes for covered outpatient drugs administered in a physician's office will affect beneficiary access to providers and if so, please discuss your plans to ensure access.

**RESPONSE:**

**This SPA will ensure periodic updates to the physician-administered drug's (PAD's) reimbursement rates. Providers will have more current reimbursement that more closely reflects their costs; therefore, beneficiary access should increase.**

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2. Has the state received any comments/concerns from stakeholders regarding the proposed changes? If so, how has the state addressed the concern(s)?

**RESPONSE:**

**The State has not received any comments from stakeholders.**

**Attachment 4.19-B**

3. In the Informal Response for Additional Information (additional questions), the state indicated removal of the “point of sale” language from the plan page; therefore please remove reference to the POS in 1.b.

**RESPONSE:**

**The State has removed the language. Please see revised Attachment 4.19-B, Item 12a, Page 3.**

4. In the Informal Response for Additional Information (additional questions), the state indicated that “For 340B physician administered drugs: Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs) are reimbursed with the all-inclusive encounter rate. Outpatient hospital is reimbursed on a cost to charge ratio as indicated in number 2: “This applies to both 340B and regular drug stock in this setting.””

In consideration of the state’s response, we recommend the state consider clarifying section 3. 340B Physician Administered Drugs, i.e.

**“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.”**

**RESPONSE:**

**The State has changed the language. Please see revised Attachment 4.19-B, Item 12.a, Page 4.**

Please consider this a formal request to begin the 90-day clock. We trust this additional information will result in the approval of the pending SPA. We look forward to negotiating with CMS to ensure approval.

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As always, we appreciate the assistance of Cheryl Rupley in resolving these issues. If further information is required, you may contact Karen H. Barnes at [Karen.Barnes@la.gov](mailto:Karen.Barnes@la.gov) or by phone (225) 342-3881.

Sincerely,

  
*for* Jen Steele  
Medicaid Director

JS:KHB:MJ

Attachments (1)

c: Karen H. Barnes  
Cheryl Rupley  
Tamara Sampson

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

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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.