

**John Bel Edwards**  
GOVERNOR



**Rebekah E. Gee MD, MPH**  
SECRETARY

**State of Louisiana**  
Louisiana Department of Health  
Office of the Secretary

**VIA ELECTRONIC MAIL ONLY**

September 20, 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: Louisiana Title XIX State Plan  
Transmittal No. 18-0016

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.

Warmly,

A handwritten signature in blue ink that reads "Cindy Rues".

Rebekah E. Gee MD, MPH  
Secretary

Attachments (3)

REG: JS: MJ

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

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

**18-0016**

2. STATE

**Louisiana**

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

4. PROPOSED EFFECTIVE DATE

**January 1, 2019**

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 440.120**

7. FEDERAL BUDGET IMPACT:

a. FFY 2019 **\$ 7,796,750**  
b. FFY 2020 **(\$3,870,530)**

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

**Attachment 3.1-A, Item 12a, Page 4  
Attachment 3.1-A, Item 12a, Page 5**

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 PAGE NUMBER OF THE SUPERSEDED PLAN  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

**Same (TN- 17-0008)  
None (new page)**

10. SUBJECT OF AMENDMENT: **The purpose of this SPA is to amend the provisions governing the Optimal PDL Solution (TOP\$) State Supplemental Rebate Agreement Program, in order to include pharmacy utilization of managed care organizations (MCOs) that participate in the Healthy Louisiana Program and implement a single state managed preferred drug list to maximize supplemental rebates on MCO utilization.**

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:

**Rebekah E. Gee MD, MPH**

14. TITLE:

**Secretary**

15. DATE SUBMITTED:

**September 20, 2018**

16. RETURN TO:

**Jen Steele, Medicaid Director  
State of Louisiana  
Department of Health  
628 North 4<sup>th</sup> Street  
P.O. 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:

LA TITLE XIX SPA

TRANSMITTAL #: 18-0016

TITLE: Pharmacy Benefits Management Program - Managed Care Supplemental Rebates

EFFECTIVE DATE: January 1, 2019

FISCAL IMPACT:

Increase and Decrease

	year	% inc.	fed. match	*# mos	range of mos.	dollars
1st SFY	2019		%	6	January 2019 - June 2019	\$13,460,000
2nd SFY	2020		0.00%	12	July 2019- June 2020	-\$5,860,000
3rd SFY	2021		0.00%	12	July 2020 - June 2021	-\$5,860,000

\*#mos-Months remaining in fiscal year

**Total Increase or Decrease Cost FFY 2019**

SFY 2019 \$13,460,000 for 6 months January 2019 - June 2019 \$13,460,000

SFY 2020 (\$5,860,000) for 12 months July 2019- June 2020  
 (\$5,860,000) / 12 X 3 July 2018 - September 2018 = (\$1,465,000)  
\$11,995,000

**FFP (FFY 2019 ) = \$11,995,000 X 65.00% = \$7,796,750**

**Total Increase or Decrease Cost FFY 2020**

SFY 2020 (\$5,860,000) for 12 months July 2019- June 2020  
 (\$5,860,000) / 12 X 9 October 2018 - June 2019 = (\$4,395,000)

SFY 2021 (\$5,860,000) for 12 months July 2020 - June 2021  
 (\$5,860,000) / 12 X 3 July 2019 - September 2019 = (\$1,465,000)  
(\$5,860,000)

**FFP (FFY 2020 )= (\$5,860,000) X 66.05% = (\$3,870,530)**

STATE OF LOUISIANA

AMOUNT, DURATION AND SCOPE OF MEDICAL AND REMEDIAL CARE AND SERVICES PROVIDED  
LIMITATIONS ON THE AMOUNT, DURATION AND SCOPE OF CERTAIN ITEMS OF  
PROVIDED MEDICAL AND REMEDIAL CARE AND SERVICES DESCRIBED AS FOLLOWS:

- d. Manufacturers are allowed to audit utilization data;
  - e. The unit rebate amount is confidential and cannot be disclosed for purposes other than rebate invoicing and verification; and
  - f. The Department will utilize the same processes to resolve State Supplemental rebate issues as it uses to resolve federal rebate disputes and as outlined in CMS' *Best Practices Guide for Dispute Resolution Under the Medicaid Drug Rebate Program*.
4. The Department is also in compliance with state regulations relative to the confidentiality of supplemental rebate information contained in the records of the Department and its agents.
  5. A rebate agreement between the state and a drug manufacturer for drugs provided to the Medicaid program, submitted to CMS on April 8, 2002 and entitled "Supplemental Rebate Agreement", was previously authorized by CMS on April 25, 2002.
  6. CMS has authorized the state of Louisiana to enter into *The Optimal PDL Solution (TOP\$)*. This Supplemental Drug Rebate Agreement was submitted to CMS on November 5, 2013, and has been authorized by CMS effective October 1, 2013.

**E. Managed Care Organization Utilization**

Effective January 1, 2019, the TOP\$ State Supplemental Rebate Agreement Program shall include pharmacy utilization of managed care organizations (MCOs) that participate in the Healthy Louisiana Program for state supplemental drug rebates.

1. The Healthy Louisiana Program's contracts with the participating MCOs shall:
  - a. allow inclusion of the pharmacy utilization data for supplemental rebate purposes; and
  - b. mandate that each participating MCO shall align their respective formulary(ies) and/or preferred drug list (PDL), as applicable, to the fee-for-service (FFS) preferred drug list. MCO prior authorization criteria shall not be more restrictive than FFS.

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

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

Effective Date \_\_\_\_\_

STATE OF LOUISIANA

AMOUNT, DURATION AND SCOPE OF MEDICAL AND REMEDIAL CARE AND SERVICES PROVIDED  
LIMITATIONS ON THE AMOUNT, DURATION AND SCOPE OF CERTAIN ITEMS OF  
PROVIDED MEDICAL AND REMEDIAL CARE AND SERVICES DESCRIBED AS FOLLOWS:

2. The Department shall implement a single state-managed PDL for all participating MCOs, in order to maximize the supplemental and federal rebates on MCO utilization.

The MCOs shall not enter into agreements with manufacturers of drugs listed in the single PDL to acquire discounts or rebates.

3. Supplemental rebates on MCO utilization shall be excluded from best price or average manufacturer price (AMP) calculations.