



Center for Medicaid and CHIP Services

Disabled and Elderly Health Programs Group

April 26, 2019

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) 19-0007 received in the Dallas Regional Office on March 4, 2019. This amendment proposes to change the pharmacy ingredient cost reimbursement methodology from a Louisiana average acquisition cost (AAC) to the national average acquisition cost (NADAC). In considering the proposed pharmacy reimbursement methodology, the state was required to provide adequate data, such as national or state surveys or studies, or other reliable data to demonstrate that the acquisition cost being paid are sufficient to ensure that Louisiana Medicaid beneficiaries will have access to pharmacy services. In keeping with the requirements of section 1902(a)(30)(A) of the Social Security Act, we believe the state demonstrated that their reimbursement is consistent with efficiency, economy, and quality of care, and are sufficient to ensure that care and services are available to at least the extent they are available to the general population in the geographic area.

We believe that there is evidence regarding the sufficiency of Louisiana's pharmacy provider network at this time to approve SPA 19-0007. Specifically, Louisiana has reported to CMS that there are 1,139 open in-state pharmacy providers enrolled in Medicaid. There are 1,199 outpatient retail pharmacies licensed in the state. Therefore, approximately 95 percent of the licensed pharmacies in the state are enrolled in Medicaid showing a comparable access for the Medicaid population as the general population.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 19-0007 is approved with an effective date of May 1, 2019. 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

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER 19-0007	2. STATE Louisiana
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	

TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE May 1, 2019
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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)

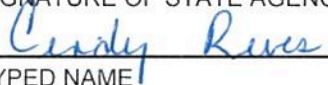
6. FEDERAL STATUTE/REGULATION CITATION 42 CFR 447 Subpart I	7. FEDERAL BUDGET IMPACT a. FFY <u>2019</u> \$ <u>980,091</u> b. FFY <u>2020</u> \$ <u>2,330,238</u>
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8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19-B, Item 12a, Page 1 Attachment 4.19-B, Item 12a, Page 2 Attachment 4.19-B, Item 12a, Pages 3 and 4	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) SAME (TN 17-0008) (also pending 19-0008) SAME (TN 17-0008) SAME (TN 18-0004)
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10. **SUBJECT OF AMENDMENT:** The purpose of this SPA is to amend the provisions governing reimbursement in the Pharmacy Benefits Management Program in order to change the pharmacy ingredient cost reimbursement methodology from average acquisition cost (AAC) to the national average drug acquisition cost (NADAC).

11. GOVERNOR'S REVIEW (Check One)


GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED The Governor does not review State Plan material.
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL 	16. RETURN TO Jen Steele, Medicaid Director State of Louisiana Department of Health 628 North 4th Street P.O. Box 91030 Baton Rouge, LA 70821-9030
13. TYPED NAME Cindy Rives, designee for Rebekah E. Gee MD, MPH	
14. TITLE Secretary	
15. DATE SUBMITTED March 4, 2019	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED March 4, 2019	18. DATE APPROVED April 26, 2019
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PLAN APPROVED - ONE COPY ATTACHED.

19. EFFECTIVE DATE OF APPROVED MATERIAL May 1, 2019	20. SIGNATURE OF REGIONAL OFFICIAL 
21. TYPED NAME Bill Brooks	
22. TITLE Director Regional Operations Group	

23. REMARKS

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	Care and Services	<u>Prescribed by a Physician Skilled in Diseases of the Eye, or by an</u>
447	Item 12.a.	<u>Optometrist.</u>
Subpart D		

Prescribed drugs are reimbursed as follows:

I. PROFESSIONAL DISPENSING FEE

The Department has established a professional dispensing fee which shall be reviewed periodically for reasonableness, and when deemed appropriate by Louisiana Medicaid, may be adjusted considering such factors as fee studies or surveys.

The pharmacy provider will be reimbursed at the appropriate ingredient cost plus the maximum allowable professional dispensing fee or the usual and customary charge, whichever is less

Professional Dispensing Fee Amount

1. The professional dispensing fee for drugs dispensed to Louisiana Medicaid enrollees will be \$10.41 per prescription. The provider fee will be reimbursed separately, per legislative mandate.
2. The professional dispensing fee for drugs dispensed to Louisiana Medicaid enrollees and obtained through the Public Health Service 340B Program will be \$10.41 per prescription. The provider fee will be reimbursed separately, per legislative mandate.

II. PHARMACY REIMBURSEMENT METHODOLOGY

Prescription drugs covered by Louisiana Medicaid shall be reimbursed according to the following:

Brand Name Drugs

Payment for single source drugs (brand name drugs) shall be based on the lower of:

1. National Average Drug Acquisition Cost (NADAC) plus the professional dispensing fee:
 - a. If the NADAC is not available, use the wholesale acquisition cost (WAC) plus the professional dispensing fee; or
2. the provider's usual and customary charges to the general public.

State: Louisiana
Date Received: 3-04-19
Date Approved: 4-26-19
Date Effective: 5-01-19
Transmittal Number: 19-0007

TN 19-0007 Approval Date 4-26-2019 Effective Date 5-01-2019

Supersedes

TN 17-0008

STATE OF LOUISIANA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

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

Generic Drugs

Payment for multiple source drugs (generic drugs), other than drugs subject to “physician certifications”, shall be based on the lower of:

1. NADAC plus the professional dispensing fee:
 - a. If NADAC is not available, use the WAC plus the professional dispensing fee; or
2. Federal upper payment limits plus the professional dispensing fee; or
3. The provider’s usual and customary charges to the general public.

340B Purchased Drugs

Payment for self-administered drugs that are purchased by a covered entity through the 340B program shall be made at the 340B actual acquisition cost, which can be no more than the 340B ceiling price, plus the professional dispensing fee.

Drugs purchased outside of the 340B program, will be reimbursed using the methodology described in Section II, plus a professional dispensing fee.

Drugs acquired through the federal 340B drug pricing program and dispensed by 340B contract pharmacies are not covered.

Federal Supply Schedule Drugs

Drugs acquired at the Federal Supply Schedule (FSS) will be reimbursed at the FSS actual acquisition cost, plus the professional dispensing fee.

Nominal Price Drugs

Drugs acquired at Nominal Price (outside of 340B or FSS) will be reimbursed at their actual acquisition cost, plus the professional dispensing fee.

Indian Health Service All-Inclusive Encounter Rate

Pharmacy services provided by the Indian Health Service (IHS) or tribal facilities shall be included in the all-inclusive encounter rate.

Mail Order, Long-Term Care and Specialty Pharmacy

Drugs dispensed by mail order, long-term care (LTC) and/or specialty pharmacies (drugs not distributed by a retail community pharmacy) will be reimbursed using the brand/generic drug reimbursement methodology.

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	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 the 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.

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

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.

Investigational or Experimental Drugs

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

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TN 19-0007 Approval Date 4-26-2019 Effective Date 5-01-2019

Supersedes
TN 18-0004