



State of Louisiana
Louisiana Department of Health
Office of the Secretary

VIA ELECTRONIC MAIL ONLY

March 4, 2019

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

RE: Louisiana Title XIX State Plan
Transmittal No. 19-0007

Dear Mr. Brooks:

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. Should you have any questions or concerns regarding this matter, please contact Karen Barnes at (225) 342-3881 or via email at Karen.Barnes@la.gov.

Warmly,


_____, for
Rebekah E. Gee MD, MPH
Secretary

Attachments (3)

REG:JS:MJ

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)

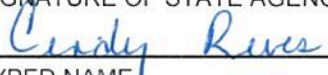
6. FEDERAL STATUTE/REGULATION CITATION 42 CFR 447 Subpart I	7. FEDERAL BUDGET IMPACT a. FFY <u>2019</u> \$ <u>980,091</u> b. FFY <u>2020</u> \$ <u>2,330,238</u>
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8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19-B, Item 12a, Page 1 Attachment 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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) SAME (TN 17-0008) (also pending 19-0008) SAME (TN 17-0008) SAME (TN 18-0004)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	

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17. DATE RECEIVED	18. DATE APPROVED
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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 #: 19-0007

TITLE: Pharmacy Benefits Management Program - Pharmacy Ingredient Cost Reimbursement

EFFECTIVE DATE: May 1, 2019

FISCAL IMPACT:

Increase

	year	% inc.	fed. match	*# mos	range of mos.	dollars
1st SFY	2019		%	*1	June 2019	\$346,083
2nd SFY	2020		0.00%	12	July 2019- June 2020	\$4,647,000
3rd SFY	2021		0.00%	12	July 2020 - June 2021	

*Implementation May 1 2019, with a one month claim lag.

Total Increase or Decrease Cost FFY 2019

SFY 2019 \$346,083 for *1 months June 2019 \$346,083

SFY 2020 \$4,647,000 for 12 months July 2019- June 2020
 \$4,647,000 / 12 X 3 = July 2018 - September 2018 = \$1,161,750
\$1,507,833

FFP (FFY 2019) = \$1,507,833 X 65.00% = \$980,091

Total Increase or Decrease Cost FFY 2020

SFY 2020 \$4,647,000 for 12 months July 2019- June 2020
 \$4,647,000 / 12 X 9 = October 2018 - June 2019 = \$3,485,250

SFY 2021 \$0 for 12 months July 2020 - June 2021
 \$0 / 12 X 3 = July 2019 - September 2019 = \$0
\$3,485,250

FFP (FFY 2020)= \$3,485,250 X 66.86% = \$2,330,238

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.

TN _____ Approval Date _____ Effective Date _____

Supersedes

TN _____

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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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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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