Summary – State Pharmacy SPA Reporting Requirements

All states must submit a State Plan Amendment by June 30, 2017, with an effective date of no later than April 1, 2017, to be in compliance with the new reimbursement requirements in CMS' Covered Outpatient Drug final rule with Comment (CMS-2345-FC).

State plan pages should contain the following reimbursement information on the Pharmacy pages:

Ingredient Cost required to meet the Actual Acquisition Cost (AAC) definition –

- **Brand Name drugs** - Ingredient cost/ Professional dispensing fee.
- **Generic drugs** - Ingredient cost / Professional dispensing fee.
- **Back-up ingredient cost benchmark** - If state's AAC benchmark is not available for select NDCs. (Back-up benchmark must also meet AAC definition) / Professional dispensing fee.
- **340B purchased drugs** - Ingredient cost (Can be no more than the 340B ceiling price) / Professional dispensing fee.
- **340B covered entities that purchase drugs outside of the 340B program** – Ingredient cost that meets the AAC definition / Professional dispensing fee.
- **All 340B payment methodologies must include descriptions for drugs dispensed by the following:**
  - A covered entity described in section 1927(a)(5)(B) of the Act. (340B covered entity pharmacy).
  - A contract pharmacy under contract with a 340B covered entity described in section 1927(a)(5)(B) of the Act.
  - An Indian Health Service, tribal and urban Indian pharmacy.
- **Drugs acquired at the Federal Supply Schedule (FSS)** – Ingredient cost/ Professional dispensing fee.
- **Drugs acquired at Nominal Price (outside of 340B or FSS)** – Ingredient cost/ Professional dispensing fee.
- **Encounter rates** – Will satisfy AAC requirements. (States do not need to place encounter rates on their state plan pages.)

These items do *not* need to meet the Actual Acquisition Cost (AAC) definition –

- **Specialty Drugs That Are Not Distributed by a Retail Community Pharmacy and Distributed Primarily through the Mail** - Ingredient cost / Professional dispensing fee.
- **Drugs Not Distributed by a Retail Community Pharmacy, Such as in a Long-Term Care Facility –** Ingredient cost/ Professional dispensing fee.
- **Physician Administered Drugs –** States should define their reimbursement on the Pharmacy state plan page.

- **Clotting Factor from Specialty Pharmacies, Hemophilia Treatment Centers, Centers of Excellence –** States should define their reimbursement / Professional dispensing fee.
    - MTM / other professional services should not go on the Pharmacy state plan pages, but states should inform CMS of their reimbursement.
- **Investigational Drugs –** States should describe their coverage policy and reimbursement method.

<u>Updated FULs Information</u> -

- States should include in their state plans, either as a part of their lower of methodology or in a separate entry or description in the state plan, how they intend to meet the FULs in the aggregate.