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State/Territory Name: Kansas

State Plan Amendment (SPA) #: 22-0018

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-14-26
Baltimore, Maryland 21244-1850



Center for Medicaid and CHIP Services

Disabled and Elderly Health Programs Group

September 1, 2022

Sarah Fertiq
State Medicaid Director
KDHE, Division of Health Care Finance
Landon State Office Building
900 SW Jackson, Room 900-N
Topeka, KS 66612-1220

Dear Sarah Fertiq:

The CMS Division of Pharmacy team has reviewed Kansas State Plan Amendment (SPA) 22-0018 received in the CMS Division of Program Operations on June 7, 2022. This SPA approves the reimbursement methodology for Dispensed As Written (DAW1) drugs.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 22-0018 is approved with an effective date of June 1, 2022. Our review was limited to the materials necessary to evaluate the SPA under applicable federal laws and regulations.

We are attaching a copy of the signed CMS-179 form, as well as the pages approved for incorporation into Kansas' state plan. If you have any questions regarding this amendment, please contact Charlotte Hammond at (410) 786-1092 or charlotte.hammond@cms.hhs.gov.

Sincerely,

John M. Coster, Ph.D., R.Ph.
Director
Division of Pharmacy

cc: William Stelzner, Division of Health Care Finance, Kansas Department of Health
Michala Walker, CMS Division of Program Operations - North Branch

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER 22 — 0018	2. STATE KS		
		3. PROGRAM IDENTIFICATION: TITLE <u>XIX</u> OF THE SOCIAL SECURITY ACT			
TO: CENTER DIRECTOR CENTERS FOR MEDICAID & CHIP SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE June 1, 2022			
5. FEDERAL STATUTE/REGULATION CITATION 42 CFR 447.518		6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars) a FFY 2022 \$ - 703 b FFY 2023 \$ -2108			
7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Att 4.19-B #12.a. Page 1.2 and Page 1.1		8. PAGENUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Att 4.19-B #12.a. Page 1.2			
9. SUBJECT OF AMENDMENT Update Dispensed As Written (DAW1) reimbursement rates. This reimbursement change will be aligned with the 2016 Centers for Medicare and Medicaid Services (CMS) Coverage Outpatient Drug (COD) Rule, which requires an Actual Acquisition Cost methodology. Drug availability language will also be updated.					
10. GOVERNOR'S REVIEW (Check One) <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;"> <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL </td> <td style="width: 50%; border: none;"> <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Sarah Fertig is the Governor's Designee </td> </tr> </table>				<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL	<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Sarah Fertig is the Governor's Designee
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11. SIGNATURE OF STATE AGENCY OFFICIAL		15. RETURN TO Sarah Fertig, State Medicaid Director KDHE, Division of Health Care Finance Landon State Office Building 900 SW Jackson, Room 900-N Topeka, KS 66612-1220			
12. TYPED NAME Sarah Fertig					
13. TITLE State Medicaid Director					
14. DATE SUBMITTED June 7, 2022					
FOR CMS USE ONLY					
16. DATE RECEIVED 6/7/2022		17. DATE APPROVED 9/1/2022			
PLAN APPROVED - ONE COPY ATTACHED					
18. EFFECTIVE DATE OF APPROVED MATERIAL 6/1/2022		19. SIGNATURE OF APPROVING OFFICIAL			
20. TYPED NAME OF APPROVING OFFICIAL JOHN M. COSTER		21. TITLE OF APPROVING OFFICIAL DIRECTOR DIVISION OF PHARMACY			
22. REMARKS The state authorizes CMS for a pen & ink change to add Att. 4.19-B, #12.a., Page 1.1 to the CMS 179 form for this SPA at box 7 and the removal of "drug availability language will also be updated" from box 9.					

KANSAS MEDICAID STATE PLAN

Attachment 4.19-B
#12.a.
Page 1.1

Prescribed Drugs Methods and Standards for Establishing Payment Rates

- e) The provider's usual and customary (U & C) charge to the public, as identified by the claim charge. No dispensing fee given; or
 - f) Pharmacy submitted ingredient cost; or
 - g) SMAC (State Maximum Allowable Cost).
4. Payment for clotting factor from specialty pharmacies, hemophilia treatment centers (HTC) and Centers of Excellence will include the drug ingredient cost plus a professional dispensing fee of \$10.50. The drug ingredient cost reimbursement shall be the lowest of:
- a) The National Average Drug Acquisition Cost (NADAC) of the drug; or
 - b) Generic NADAC; or
 - c) Wholesale Acquisition Cost (WAC) + 0%; or
 - d) The Federal Upper Limit (FUL); or
 - e) The provider's usual and customary (U & C) charge to the public, as identified by the claim charge. No dispensing fee given; or
 - f) Pharmacy submitted ingredient cost; or
 - g) SMAC (State Maximum Allowable Cost).
5. Payment for pharmacies providing covered outpatient prescription services for Certified Long-Term Care beneficiaries will include the drug ingredient cost plus a professional dispensing fee of \$10.50. The drug ingredient cost reimbursement shall be the lowest of:
- a) The National Average Drug Acquisition Cost (NADAC) of the drug; or
 - b) Generic NADAC; or
 - c) Wholesale Acquisition Cost (WAC) + 0%; or
 - d) The Federal Upper Limit (FUL); or
 - e) The provider's usual and customary (U & C) charge to the public, as identified by the claim charge. No dispensing fee given; or
 - f) Pharmacy submitted ingredient cost; or
 - g) SMAC (State Maximum Allowable Cost).
6. Payment for Dispense as Written 1 (DAW1) – Approved pharmacy claims, in sections 1 through 5 above, will be reimbursed the drug ingredient cost plus a professional dispensing fee of \$10.50. The drug ingredient cost reimbursement shall be the lowest of:
- a) The National Average Drug Acquisition Cost (NADAC) of the drug; or
 - b) Wholesale Acquisition Cost (WAC) + 0%; or
 - c) The provider's usual and customary (U & C) charge to the public, as identified by the claim charge. No dispensing fee given; or
 - d) Pharmacy submitted ingredient cost.

KANSAS MEDICAID STATE PLAN

Attachment 4.19-B
#12.a.
Page 1.2

Prescribed Drugs Methods and Standards for Establishing Payment Rates

7. Physician Administered Drugs (PADS) submitted under the medical benefit, including those drugs purchased through the 340B program, will be reimbursed at the Medicare B rates of ASP + 6%. If a Medicare B rate is not on file, its reimbursement basis will be WAC + 0%.
8. Covered Legend and non-legend drugs purchased through the Public Health Service's 340B Drug Pricing Program (340B) by pharmacies that carve Medicaid into the 340B Drug Pricing Program shall be reimbursed at the 340B actual invoice price, but no more than the 340B Ceiling Price plus a dispensing fee of \$10.50. Drugs acquired through the federal 340B drug pricing program and dispensed by 340B Contract Pharmacies will not be reimbursed.
9. Facilities purchasing drugs through the Federal Supply Scheduled (FSS) or drug pricing program under 38 U.S.C. 1826, 42 U.S.C. 256b, or 42 U.S.C. 1396-8, other than the 340B drug pricing program will be reimbursed no more than the acquisition cost price plus a professional dispensing fee of \$10.50.
10. Facilities purchasing drugs at Nominal Price (outside of 340B or FFS) will be reimbursed no more than the Nominal Price plus a professional dispensing fee of \$10.50.
11. Payment to Indian Health Services (IHS) and Tribal/Urban pharmacy providers will be no more than the acquisition cost plus a professional dispensing fee of \$10.50.
12. Investigational drugs are not a covered service under the Medicaid pharmacy program.