

# **Table of Contents**

**State/Territory: Pennsylvania**

**State Plan Amendment (SPA) #: 24-0002**

This file contains the following documents in the order listed:

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

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**

**Medical Benefits Health Programs Group**

December 21, 2023

Valerie A. Arkoosh, MD, MPH  
Secretary, Department of Human Services  
Commonwealth of Pennsylvania  
P.O. Box 2675  
Harrisburg, PA 17105-2675

Dear Valerie A. Arkoosh, MD, MPH

The CMS Division of Pharmacy team has reviewed Pennsylvania's State Plan Amendment (SPA) 24-0002 received in the CMS Medicaid & CHIP Operations Group on December 5, 2023. This SPA authorizes revisions to the Pennsylvania Medicaid Supplemental Rebate Agreement.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 24-0002 is approved with an effective date of January 1, 2024. 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 updated, signed CMS-179 form, as well as the page approved for incorporation into Pennsylvania's state plan. If you have any questions regarding this amendment, please contact Terry Simananda at (410) 786-8144 or [terry.simananda@cms.hhs.gov](mailto:terry.simananda@cms.hhs.gov).

Sincerely,



Cynthia R. Denemark, R.Ph.  
Director  
Division of Pharmacy

cc: Sally Kozak, Medicaid Director, Pennsylvania Department of Human Services  
Dan Bates, Pennsylvania Department of Human Services  
Terri Cathers, Pennsylvania Department of Human Services  
Eve Lickers, Pennsylvania Department of Human Services  
Lacey Walker, Pennsylvania Department of Human Services  
Margaret Kosherzenko, Pennsylvania Medicaid State Lead, CMS

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 4 — 0 0 0 2

2. STATE

PA

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT

XIX  XXI

TO: CENTER DIRECTOR  
CENTERS FOR MEDICAID & CHIP SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

January 1, 2024

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR § 440.120(a); 42 CFR Subpart I

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2024 \$ 0  
b. FFY 2025 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 3.1A/3.1B, page 5b

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Attachment 3.1A/3.1B, page 5b

9. SUBJECT OF AMENDMENT

Revised Supplemental Rebate Agreement

10. 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:

BY OFFICIAL

Valerie A. Arkoosh, MD, MPH

13. TITLE

Secretary of Human Services

14. DATE SUBMITTED

December 5, 2023

15. RETURN TO

Commonwealth of Pennsylvania  
Department of Human Services  
Office of Medical Assistance Programs  
Bureau of Policy, Analysis and Planning  
P.O. Box 2675  
Harrisburg, Pennsylvania 17105-2675

**FOR CMS USE ONLY**

16. DATE RECEIVED

December 5, 2023

17. DATE APPROVED

December 21, 2023

**PLAN APPROVED - ONE**

18. EFFECTIVE DATE OF APPROVED MATERIAL

January 1, 2024

1

20. TYPED NAME OF APPROVING OFFICIAL

Cynthia R. Denemark, R.Ph.

21. TITLE OF APPROVING OFFICIAL

Director, Division of Pharmacy

22. REMARKS

12/14/2023 - State authorized P&I change to Box 14

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SERVICES

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**12. Prescribed Drugs, Dentures, Prosthetic Devices and Eyeglasses**

**12a. Prescribed Drugs (42 CFR 440.120(a)) (continued)**

1. Drug Rebate Agreements

- a. The Commonwealth is in compliance with section 1927 of the Social Security Act. The state will cover drugs of federal rebate participating manufacturers. The state is in compliance with reporting requirements for utilization and restrictions to coverage. Pharmaceutical manufacturers can audit utilization data. The unit rebate amount is confidential and cannot be disclosed for purposes other than rebate invoicing and verification.
- b. The Commonwealth will be negotiating supplemental rebates in addition to federal rebates provided for in Title XIX. Rebate agreements between the Commonwealth and a pharmaceutical manufacturer will be separate from the federal rebates.
- c. CMS authorized a rebate agreement between the Commonwealth and a drug manufacturer for drugs provided to Medicaid beneficiaries, the Pennsylvania Medicaid Supplemental Rebate Agreement.
- d. The Commonwealth will continue single state-specific supplemental rebates in addition to federal rebates provided for in Title XIX. The single state rebate agreements will be separate from the federal rebates. Supplemental rebates received by the Commonwealth in excess of those required under the federal drug rebate agreement will be shared with the federal government on the same percentage basis as applied under the federal rebate agreement.
- e. CMS has authorized the Commonwealth of Pennsylvania to enter into the Pennsylvania Medicaid Supplemental Rebate Agreement, as amended January 1, 2024, for the Commonwealth of Pennsylvania.
- f. CMS has authorized the Commonwealth of Pennsylvania to enter into outcomes-based agreements with pharmaceutical manufacturers, for drugs provided to Medicaid beneficiaries using the "Pennsylvania Medicaid Outcomes-Based Supplemental Rebate Agreement," beginning July 1, 2022.
- g. Supplemental rebates received by the Commonwealth in excess of those required under the national drug rebate agreement will be shared with the Federal government on the same percentage basis as applied under the national rebate agreement.
- h. All drugs covered by the program, irrespective of a prior authorization requirement, will comply with provisions of the national drug rebate agreement.