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State/Territory: Illinois

State Plan Amendment (SPA) #: 23-0024

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

March 12, 2024

Theresa Eagleson
Director, Division of Medical Programs
Illinois Department of Healthcare and Family Services
201 South Grand Avenue East
Springfield, IL 62763-0002

Dear Theresa Eagleson,

The CMS Division of Pharmacy team has reviewed Illinois State Plan Amendment (SPA) 23-0024 received in the CMS Medicaid & CHIP Operations Group on July 31, 2023. This SPA approves a template that will authorize the state to enter in Value/Outcomes-Based Agreements with drug manufacturers for drugs provided under the Medicaid program.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 23-0024 is approved with an effective date of July 1, 2023. 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 page approved for incorporation into Illinois'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.

Sincerely,



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

cc: Mary Doran, Illinois Department of Healthcare and Family Services
Kati Hinshaw, Illinois Department of Healthcare and Family Services
Courtenay Savage, Illinois State Lead, Medicaid Program Operations, CMS

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

1. TRANSMITTAL NUMBER <u>2 3 — 0 0 2 4</u>	2. STATE <u>IL</u>
3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI	

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

4. PROPOSED EFFECTIVE DATE
7/1/2023

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR 440.120 / 42 CFR 447.502

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2023 \$ 0
b. FFY 2024 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Appendix to Attachment 3.1-A, Page 10

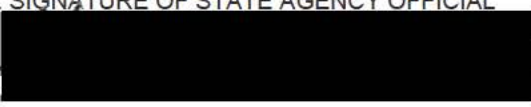
8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)
Appendix to Attachment 3.1-A, Page 10

9. SUBJECT OF AMENDMENT
Value/outcomes-based Arrangement - Prescribed Drugs

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:

11. SIGNATURE OF STATE AGENCY OFFICIAL


12. Director

13. TITLE
Director of Healthcare and Family Services

14. DATE SUBMITTED
7/31/23

15. RETURN TO
Department of Healthcare and Family Services
Bureau of Program and Policy Coordination
Attn: Mary Doran
201 South Grand Avenue East
Springfield, IL 62763-0001

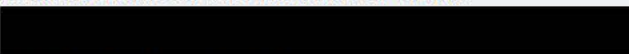
FOR CMS USE ONLY

16. DATE RECEIVED
July 31, 2023

17. DATE APPROVED
March 12, 2024

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
July 1, 2023

19. SIGNATURE OF APPROVING OFFICIAL


20. TYPED NAME OF APPROVING OFFICIAL
Cynthia R. Denemark, R.Ph.

21. TITLE OF APPROVING OFFICIAL
Director, Division of Pharmacy

22. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: Illinois

AMOUNT, DURATION, AND SCOPE OF SERVICES

12a. PRESCRIBED DRUGS

- 01/20 Illinois shall provide coverage for covered outpatient drugs when prescribed by a licensed provider within the scope of their license and practice as allowed by State law within the meaning of Section 1927(k) of Title XIX of the *Social Security Act* of any manufacturer which has entered into and complies with a rebate agreement with the federal Centers for Medicare & Medicaid Services (CMS). The Department may require prior authorization for the reimbursement of any covered outpatient drugs. Drug prior authorization is administered under the provisions of Section 1927 (d)(5) of the *Social Security Act*. For certain classes of drug therapy the Department will maintain a Preferred Drug List (PDL), and the process for deciding which drugs, of those determined to be of similar therapeutic efficacy, will require prior authorization (are not preferred drugs) will include a comparison of net drug cost. Net drug cost is determined considering published drug wholesale prices and federal and State Supplemental or other rebate amounts. For drugs requiring prior authorization, an automated voice response system is used to meet the requirements for providing a response within 24 hours. Up to a 72-hour supply of medication requiring prior authorization may be dispensed in an emergency. Providers may request prior approval for other items subject to the medical necessity of the client and the issuance of a valid prescription or medication order by the prescriber.
- The State is in compliance with Section 1927 of the *Social Security Act*. Based on the requirements for Section 1927 of the Act, the State has the following policies for supplemental rebates:
- 10/08 ● Supplemental rebate agreements between the state and drug manufacturers that are separate from the drug rebate agreements of Section 1927 are authorized by the Centers for Medicare & Medicaid Services.
 - 10/08 ● The State may negotiate supplemental rebates in addition to the federal rebates provided for in title XIX. Supplemental rebate agreements between the State and a pharmaceutical manufacturer are separate from the federal rebates. The separate agreement must provide for rebates that are at least as large as the rebates set forth in the national rebate agreement. That is, the agreement cannot reduce current rebates.
 - 01/20 ● Effective January 1, 2020, the Medicaid Managed Care Plans contracted with the Illinois Department of Healthcare and Family Services (HFS) will follow the single PDL established by HFS.
 - 01/20 ● Effective January 1, 2020, supplemental rebates received pursuant to these agreements are collected from manufacturers based on drug utilization for fee-for-service beneficiaries and managed care enrolled beneficiaries.
 - The State reports rebates from separate agreements to the Secretary for Health and Human Services. The state will remit the federal portion of any supplemental rebates collected on the same percentage basis as applied under the national rebate agreement.
 - 01/20 ● CMS has authorized the State of Illinois to enter into supplemental rebate agreements with drug manufacturers for drugs provided to Medicaid beneficiaries. The updated “State of Illinois Supplemental Rebate Agreement” (SRA) template was submitted to CMS on August 15, 2019, and has been authorized by CMS. The updated SRA is effective January 1, 2020.
 - 07/23 ● Effective July 1, [2023](#), CMS has authorized the state of Illinois to enter into value/outcomes-based contracts with manufacturers on a voluntary basis. The conditions of the value/outcomes-based contract would be agreed upon by both the state and manufacturer.