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State/Territory Name: Alabama

State Plan Amendment (SPA) #: 13-011

This file contains the following documents in the order listed:

- 1) Regional Office Follow-up Approval Letter
- 2) Pharmacy Approval Letter
- 3) CMS 179 Form
- 4) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Atlanta Regional Office
61 Forsyth Street, Suite 4T20
Atlanta, GA 30303



DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS

August 5, 2013

Stephanie McGee Azar
Acting Commissioner
Alabama Medicaid Agency
501 Dexter Avenue
Post Office Box 5624
Montgomery, Alabama 36103-5624

RE: Title XIX State Plan Amendment (SPA), Transmittal # AL 13-011

Dear Ms. Azar:

This is to affirm approval of the above referenced State Plan Amendment which was submitted to the Regional Office on May 3, 2013. The State's requested effective date of July 1, 2013 has been accepted.

Enclosed for your records are:

1. a copy of the approval letter dated July 25, 2013 that was submitted to the State by Larry Reed, Director, Division of Pharmacy;
2. the original signed 179; and
3. the approved plan page.

If you have any additional questions regarding this amendment, please contact Melanie Johnson, State Coordinator for Alabama, at 404-562-0151.

Sincerely,

//s//

Jackie Glaze
Associate Regional Administrator
Division of Medicaid and Children's Health Operations

Enclosures

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



Disabled & Elderly Health Programs Group

July 25, 2013

Stephanie McGee Azar
Acting Commissioner
Alabama Medicaid Agency
501 Dexter Avenue
P.O. Box 5624
Montgomery, AL 36103-5624

Dear Ms. Azar:

We have reviewed the Alabama State Plan Amendment (SPA) 13-011 received in the Atlanta Regional Office on May 3, 2013. The State of Alabama proposes to amend its supplemental rebate agreement to facilitate obtaining drug rebates in addition to the federal rebate provided for under Title XIX. Based on the information provided, we are pleased to inform you that SPA 13-011 is approved with an effective date of July 1, 2013.

A copy of the CMS-179 form as well as the pages approved for incorporation into the state plan will be forwarded by the Atlanta Regional Office. If you have any questions regarding this amendment, please contact Madlyn Kruh at (410) 786-3239.

Sincerely,

/ s /

Larry Reed
Director
Division of Pharmacy

cc: Jackie Glaze, ARA, Atlanta Regional Office
Melanie Johnson, Atlanta Regional Office

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
AL-13-011

2. STATE:
Alabama

FOR: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2013

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 Section 447.15, 447.331 & Section 401

7. FEDERAL BUDGET IMPACT:
a. FFY 2013 0
b. FFY 2014 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 3.1-A page 5.12b

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*):

Attachment 3.1-A page 5.12b

10. SUBJECT OF AMENDMENT:

The primary purpose for this amendment is to obtain approval of an updated supplemental rebate contract in order to facilitate obtaining brand and generic supplemental rebates in addition to the federal rebate provided for in Title XIX.

11. 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:
Governor's designee on file
via letter with CMS

12. SIGNATURE OF STATE AGENCY OFFICIAL:

//s//

13. TYPED NAME: Stephanie McGee Azar

14. TITLE: Acting Commissioner

15. DATE SUBMITTED: 05-03-14

16. RETURN TO:

Stephanie McGee Azar
Acting Commissioner
Alabama Medicaid Agency
501 Dexter Avenue
Post Office Box 5624
Montgomery, Alabama 36103-5624

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 05/03/13

18. DATE APPROVED: 07/25/13

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: 07/01/13

20. SIGNATURE OF REGIONAL OFFICIAL:

//s//

21. TYPED NAME:
Jackie Glaze

22. TITLE: Associate Regional Administrator
Division of Medicaid & Children Health Opns

23. REMARKS:

12. Prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist.
- a. Prescribed Drugs - Continued
- (7) Auditing by Manufacturer
The state permits manufacturers to audit utilization data as stated in (6) above. Adjustments to rebates are made to the extent that information indicates that utilization was greater or less than previously specified.
- (8) Prior Approval
The state provides for response by telephone or other communication devices, e.g., fax, within 24 hours of a request for prior approval and provides for the dispensing of at least a 72-hour supply of a covered outpatient prescription drug in an emergency situation.
- (9) Supplemental Rebate Agreements
The state 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.
- The state may negotiate brand and/or generic supplemental rebates in addition to the federal rebates provided for in Title XIX. Supplemental drug rebate agreements between the state and a pharmaceutical manufacturer will be separate from the federal rebates.
- A supplemental drug rebate agreement between the state and a drug manufacturer for drugs provided to the Alabama Medicaid population, originally submitted to CMS on August 8, 2003, and an updated version submitted on May 3, 2013, entitled, "State of Alabama Supplemental Drug Rebate Contract," has been authorized by CMS.
- Supplemental rebates received by the state 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.
- All drugs covered by the program, irrespective of a prior authorization agreement, will comply with the provisions of the national drug rebate agreement.
- (10) Preferred Drug List
Pursuant to 42 U.S.C. section 1396r-8 the state is establishing a preferred drug list with prior authorization for drugs not included on the preferred drug list. Prior authorization will be provided with a 24-hour turn-around from receipt of request and a 72-hour supply of drugs in emergency situations as in accordance with provisions of section 1927(d)(5) of the Social Security Act.
- Prior authorization will be established for certain drug classes or particular drugs in accordance with federal law.
- All drugs covered by the program irrespective of a prior authorization requirement will comply with the provisions of the national drug rebate agreement.
- The state will utilize the Drug Utilization Review board to assure that in addition to pricing consideration, preferred drugs are clinically appropriate.