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State/Territory Name: Alabama

State Plan Amendment (SPA) #: 17-0001

This file contains the following documents in the order listed:

- 1) RO 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, Georgia 30303



DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS

July 28, 2017

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

Re: Alabama State Plan Amendment 17-0001

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, 2017. The state's requested effective date of April 1, 2017 has been accepted.

Enclosed for your records are:

1. a copy of the approval letter dated July 21, 2017 that was submitted to the state by John M. Coster, Director, Division of Pharmacy;
2. the original signed 179; and
3. the approved plan pages.

If you have any additional questions, please contact Alice Hogan at (404) 562-7432 or Alice.Hogan@cms.hhs.gov.

Sincerely,

//s//

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

Enclosures



Center for Medicaid and CHIP Services

Disabled and Elderly Health Programs Group

July 21, 2017

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

Dear Ms. McGee Azar:

We have reviewed Alabama's State Plan Amendment (SPA) 17-0001, Prescribed Drugs, received in the Atlanta Regional Office on May 3, 2017. This SPA proposes to bring Alabama into compliance with the reimbursement requirements in the Covered Outpatient Drug final rule with comment period (CMS-2345-FC).

Alabama SPA 17-0001 includes reimbursement for 340B drugs, physician-administered drugs, clotting factor, federal supply schedule, and drugs purchased at nominal price.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 17-0001 is approved with an effective date of April 1, 2017. A copy of the revised signed CMS-179 form, as well as the pages approved for incorporation into Alabama's state plan will be forwarded by the Atlanta Regional Office.

If you have any questions regarding this amendment, please contact Terry Simananda at (410) 786-8144 or Terry.Simananda@cms.hhs.gov.

Sincerely,

/s/

Meagan Khau
Deputy Director
Division of Pharmacy

CC: Jackie Glaze, ARA, CMS, Atlanta Regional Office
Alice Hogan, CMS, Atlanta Regional Office

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: AL-17-0001	2. STATE Alabama
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
FOR: HEALTH CARE FINANCING ADMINISTRATION		4. PROPOSED EFFECTIVE DATE April 1, 2017
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		

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 431.11	7. FEDERAL BUDGET IMPACT: a. FFY 2016 0 b. FFY 2017 0
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B, pages 3, 3a, and 4	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Attachment 4.19-B, pages 3, 3a, and 4

10. SUBJECT OF AMENDMENT:

The primary purpose for this amendment is to bring the State Plan into compliance with the new reimbursement requirements in the Center for Medicare and Medicaid Services (CMS's) Covered outpatient Drug final rule with Comment (CMS-2345-FC).

11. GOVERNOR'S REVIEW (*Check One*):

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Governor's designee on file
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL via letter with CMS

12. SIGNATURE OF STATE AGENCY OFFICIAL: //s//	16. RETURN TO: Stephanie McGee Azar Commissioner Alabama Medicaid Agency 501 Dexter Avenue Post Office Box 5624 Montgomery, Alabama 36103-5624
13. TYPED NAME: Stephanie McGee Azar	
14. TITLE: Commissioner	
15. DATE SUBMITTED:	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 05/03/17	18. DATE APPROVED: 07/21/17
PLAN APPROVED – ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: 04/01/17	20. SIGNATURE OF REGIONAL OFFICIAL: /s/
21. TYPED NAME: Jackie Glaze	22. TITLE: Associate Regional Administrator Division of Medicaid & Children Health Opns

23. REMARKS: Approved with following changes to block # 6 and 7 as authorization by the state on email date 06/15/17.

Block # 6 changed to read: Section 1927 of the Social Security Act.

Block # 7 changed to read: 7a FFY 2017 0 and 7b FFY 2018 0.

4. Prescribed Drugs

Medicaid pays for covered outpatient legend and non-legend, brand and generic drugs prescribed by individuals legally licensed to prescribe the drugs authorized under the program and dispensed by a licensed pharmacist or licensed authorized physician in accordance with state and federal laws.

No payments made pursuant to methods and standards described in this Attachment 4.19-B will exceed upper limits established in 42 CFR Section 447, Subpart D.

- A. Notwithstanding specific reimbursement described in this section, payment for covered outpatient drugs (both brand and generic) dispensed by a:
1. Retail community pharmacy
 2. Specialty pharmacy
 3. Long-term care or institutional pharmacy (when not included as an inpatient stay)
 4. 340B eligible entities (including 340B contract pharmacies) not listed on the U.S. Department of Health and Human Services Health Resources & Service Administration (HRSA) 340B Drug Pricing Program Database
 5. Indian Health Service, Tribal and Urban Indian pharmacy

Shall not exceed the lowest of:

- a. The Alabama Average Acquisition Cost (AAC) of the drug; when no AAC is available, the Wholesale Acquisition Cost (WAC) + 0%, plus a professional dispensing fee of \$10.64,
 - b. The Federal Upper Limit (FUL), plus a professional dispensing fee of \$10.64, or
 - c. The provider's Usual and Customary (U&C) charge to the general public regardless of program fees.
- B. Payment for blood clotting factor products will be the Average Sales Price (ASP) + 6% plus a professional dispensing fee of \$10.64.
- C. For eligible 340B entities listed on the U.S. Department of Health and Human Services Health Resources & Service Administration (HRSA) 340B Drug Pricing Program Database, payment shall not exceed the entity's actual acquisition cost for the drug, as charged by the manufacturer at a price consistent with the Veterans Health Care Act of 1992, plus a professional dispensing fee of \$10.64.
- D. For facilities purchasing drugs through the Federal Supply Schedule (FSS), payment shall not exceed the entity's actual acquisition cost for the drug, plus a professional dispensing fee of \$10.64.
- E. For facilities purchasing drugs at Nominal Price, payment shall not exceed the entity's actual acquisition cost for the drug, plus a professional dispensing fee of \$10.64.
- F. Physician Administered Drugs (PADs) are reimbursed at a rate of ASP + 6%. For PADs that do not have a published ASP, the reimbursement is calculated based on published compendia pricing such as Wholesale Acquisition Cost (WAC). For PADs administered by 340 entities, payment shall not exceed the entity's actual acquisition cost for the drug.
- G. Investigational drugs not approved by the FDA are not covered.

5. Prosthetic Devices

Reasonable, customary charges submitted by the vendor, not to exceed the amount payable under Title XVIII, Part B or the amount paid by the general public.

Effective Date: 10/1/14

The pricing methodology is 80% of the 2005 Medicare allowable amount as listed on the Alabama Supplies, Appliances, and DME Fee Schedule. The agency's fee schedule rate is in effect for services provided on or after October 1, 2014. All rates are published on the Medicaid Agency's website (www.medicaid.alabama.gov). Except as otherwise noted in the plan, the Medicaid developed fee schedule rates are the same for both governmental and private providers.

6. Eyeglasses

- a. Eyeglasses are procured from a central source selected through the State competitive bid system. Payment is based on reasonable charges, obtained through the bidding procedures, which are included in a contract between Medicaid and the central source contractor. The contracted charges will not exceed the amount paid by the general public or other third party organizations.
- b. The contract between Medicaid and the central source contractor will be on file and available for review in the office of the Single State Agency.
- c. Eyeglasses may, at the option of the provider, be procured from the central source contractor or from any other source, but at a price not to exceed the contract price charged by the central source. However, the quality of the eyeglasses must be equal to or better than that provided by the central source contractor.

TN No: AL-17-0001
Supersedes
TN No: AL-14-009

Approval Date: 07/21/17

Effective Date: 04/01/2017