



Division of Medicaid & Children's Health, Region VI

November 9, 2010

Our Reference: SPA-AR-10-10

Eugene Gessow, State Medicaid Director
Arkansas Department of Health and Human Services
P.O. Box 1437
Little Rock, Arkansas 72203

Dear Mr. Gessow:

This letter is being sent as a companion to our approval of Arkansas State Plan Amendment (SPA) Transmittal Number 10-10. The SPA amended to add and clarify language that dentures for Medicaid eligible beneficiaries age 21 and over and Medicaid eligible beneficiaries under age 21 whose eligibility is based on pregnant woman aid category. The services are provided through a contract price established through competitive bidding.

On attachment 4.19-b page 4b, it mentions prescribed drugs. In reviewing the additional State plan pages, the Pharmacy team found a companion page issue on Attachment 3.1-B page 4g. In item#3, the State lists four items under the excluded drug list, which the State covers that are not considered to be covered outpatient drugs for the purposes of Medicaid pharmacy reimbursement or rebate.

Attachment 3.1-B. Page 4g – Medicaid Program: Requirements Relating to Payment for Covered Outpatient Drugs for the Medically Needy

- (3) Excluded drugs which are covered
- (d) Select nonprescription drugs

We suggest that the below drug/drug class listed in your approved State plan be removed from the Medicaid pharmacy excluded covered drug list as this class of drug is not considered to be a covered outpatient drug for purposes of Medicaid pharmacy reimbursement or rebate. These products may be provided under the Medicaid home health benefit, without further notation, as part of the "medical supplies, equipment and appliances suitable for use in the home" provision found at 42 CFR 440.70, and need not be specified in that part.

The Non-prescription products include:

- Electrolytes and Miscellaneous Nutrients
- Emollients
- Fat Soluble Vitamins

We also request clarification on which “General Inhalation Agents” are being covered as they too may not be considered to be a covered outpatient drug for the purposes of Medicaid pharmacy reimbursement or rebate.

Please respond to this letter within 90 days of its receipt with a corrective action plan describing how the State will resolve the issues identified above. During the 90-day period, we are happy to provide any technical assistance that your staff needs. State plans that are not in compliance with requirements at 42 CFR 447.321 are grounds for initiating a formal compliance process.

If you have any questions, please contact Tamara Sampson at (214) 767-6431.

Sincerely,

/s/

Bill Brooks
Associate Regional Administrator
Division of Medicaid and Children’s Health

Enclosure