

## **Table of Contents**

**State/Territory Name: California**

**State Plan Amendment (SPA) #: 19-008**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

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**

**Disabled and Elderly Health Programs Group**

March 21, 2019

Mari Cantwell, State Medicaid Director  
Department of Health Care Services  
P.O. Box 997413, MS 0000  
Sacramento, CA 95899-7413

Dear Ms. Cantwell:

We have reviewed California State Plan Amendment (SPA) 19-0008, received in the San Francisco Regional Office on February 13, 2019. This amendment proposes to revise the state's Supplemental Drug Rebate Agreement template. The template updates the term Estimated Acquisition Cost (EAC) with Actual Acquisition Cost (AAC).

Based on the information provided, we are pleased to inform you that, consistent with the regulations at 42 CFR 430.20, SPA 19-0008 is approved with an effective date of January 1, 2019. A copy of the signed CMS-179 form, as well as the pages approved for incorporation into the California state plan will be forwarded by the San Francisco Regional Office.

If you have any questions regarding this amendment, please contact Mickey Morgan at (410) 786-4048 or [mickey.morgan@cms.hhs.gov](mailto:mickey.morgan@cms.hhs.gov).

Sincerely,

/s/

John M. Coster, Ph.D., R.Ph.  
Director  
Division of Pharmacy

CC:

Harry Hendrix, Chief, Pharmacy Benefits Division  
Richard C. Allen, Director, Western Regional Operations Group  
Trudi Balestreri, Project Manager Pharmacy Benefits Division  
Cheryl Young, CMS San Francisco Regional Office

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

1. TRANSMITTAL NUMBER

2. STATE

3. PROGRAM IDENTIFICATION:

TO: REGIONAL ADMINISTRATOR  
CENTERS FOR MEDICARE & MEDICAID SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

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

7. FEDERAL BUDGET IMPACT

a. FFY \_\_\_\_\_ \$ \_\_\_\_\_  
b. FFY \_\_\_\_\_ \$ \_\_\_\_\_

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  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

10. SUBJECT OF AMENDMENT

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

12. SIGNATURE OF STATE AGENCY OFFICIAL

16. RETURN TO

13. TYPED NAME

14. TITLE

15. DATE SUBMITTED

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED

18. DATE APPROVED  
March 21, 2019

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL

January 1, 2019

20. SIGNATURE OF REGIONAL OFFICIAL

21. TYPED NAME

Richard C. Allen

22. TITLE

Director, Regional Operations Group

23. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT STATE: California  
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -PRESCRIBED DRUGS

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### DRUG REBATE PROGRAM

The State Agency is in compliance with Section 1927 of the Social Security Act. The State Agency reimburses providers of drugs of manufacturers participating in the drug rebate program and is in compliance with reporting requirements for utilization and restrictions to coverage. Pharmaceutical manufacturers can audit utilization data to the extent allowed under the Health Insurance Portability and Accountability Act (HIPAA) in order to ensure that the Department is protecting information in accordance with HIPAA. The unit rebate amount is confidential and is not disclosed to anyone not entitled to the information for purposes of rebate contracting, invoicing and verification.

### SUPPLEMENTAL REBATE PROGRAM

The State Agency negotiates supplemental rebates in addition to the federal rebates provided for in Title XIX. Rebate agreements between the state and a pharmaceutical manufacturer are separately identified from the federal rebates.

Supplemental rebates received by the State Agency in excess of those required under the national drug rebate agreement are shared with the Federal government on the same percentage basis as applied under the national rebate agreement. CMS has authorized the State of California to enter into the Medi-Cal Supplemental Drug Rebate Average Manufacturer Price (AMP) Agreement. This supplemental drug rebate agreement was submitted to CMS on December 1, 2014 and has been authorized by CMS. CMS has also authorized the State of California to enter into the Medi-Cal Net Cost Supplemental Drug Rebate Agreements. This supplemental drug rebate agreement was submitted to CMS on February 13, 2019 and has been authorized by CMS. All drugs covered by the program, notwithstanding a prior authorization agreement, will comply with the provisions of the national drug rebate agreement.