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State/Territory Name: Florida

State Plan Amendment (SPA) #: 12-007

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) Pharmacy Approval Letter
- 3) CMS 179 Form
- 4) Approved SPA Page

Department of Health & Human Services
Centers for Medicare & Medicaid Services
61 Forsyth St., Suite 4T20
Atlanta, Georgia 30303-8909



March 14, 2012

Mr. Justin Senior
Deputy Secretary for Medicaid
Agency for Health Care Administration
2727 Mahan Drive, Mailstop #20
Tallahassee, Florida 32308

RE: Florida State Plan Amendment 12-007

Dear Mr. Senior:

This is to affirm approval of the above referenced State Plan Amendment which was submitted to the Regional Office on February 2, 2012. The State's requested effective date of January 1, 2012 has been accepted.

Enclosed for your records are:

1. a copy of the approval letter dated March 5, 2012 that was submitted to the State by Larry Reed, Director, Division of Pharmacy;
2. the original signed 179; and
3. the approved plan pages.

If you have any additional questions regarding this amendment, please contact Etta Hawkins, State Coordinator for Florida, at 404-562-7429.

Sincerely,

//s//

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

Enclosure(s)

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 5, 2012

Justin M. Senior
Deputy Secretary for Medicaid
Agency for Health Care Administration
2727 Mahan Drive, Mail Stop #8
Tallahassee, FL 32308
Attention: Robin Ingram

Dear Mr. Senior:

We have reviewed Florida State Plan Amendment (SPA) 12-007, Prescription Drug Reimbursement Methodology, received in the Regional Office on February 2, 2012. Based on the State's review of pharmacy providers' claims, this amendment proposed to make the Wholesale Acquisition Cost (WAC) based reimbursement calculation equivalent with the current Average Wholesale Price (AWP) based calculation. The reimbursement formula was changed from WAC + 4.75% to WAC + 1.5%.

We are pleased to inform you that the amendment is approved, effective January 1, 2012. A copy of the CMS-179 form, as well as the pages approved for incorporation into the Florida 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.

Sincerely,

/s/

Larry Reed
Director
Division of Pharmacy

cc: Jackie Glaze, ARA, Atlanta Regional Office
Etta Hawkins, Atlanta Regional Office

7/1/2004 PRESCRIBED DRUGS

Reimbursement for prescribed drug claims is made in accordance with the provisions of 42 CFR 447.516, pertaining to upper limits.

1. Reimbursement for covered drugs dispensed by a licensed pharmacy that has been approved as a Medicaid provider, or a physician filling his own prescriptions if there is no licensed pharmacy within a ten mile radius of his office, shall not exceed the lowest of:

- (a) For generic drugs:

- i. The amount established by CMS as the Federal Upper Limit (FUL) in accordance with 42 CFR §447.516. Payment for multiple-source drugs for which CMS has established upper limit will not exceed, in the aggregate, the set upper limits plus a dispensing fee.
- ii. The estimated acquisition cost (EAC) as established in Florida statute plus a dispensing fee; the state maximum allowable cost (SMAC) plus a dispensing fee; or the provider's usual and customary charges to the general public (non-Medicaid).
- iii. Products that are prohibited from generic substitution under state statutes may be declared "medically necessary" and reimbursed at the appropriate rate from the drug pricing file.

- (b) For brand name drugs:

The estimated acquisition cost for the drug plus a dispensing fee; or the provider's usual and customary charges to the general public (non-Medicaid).

- (c) 340B drugs:

Covered entities and Federally Qualified Health Centers that fill Medicaid patient prescriptions with 340B drugs must bill Medicaid for reimbursement at Actual Acquisition Cost plus the state allowable dispensing fee.

2. Definitions

- (a) EAC - Estimated Acquisition Cost (EAC) is the Agency's best estimate of what price providers generally and currently are paying for a drug. The State of Florida reimburses, in addition to a dispensing fee, at the lesser of the average wholesale price (AWP) minus 16.4%; the wholesaler acquisition cost (WAC) plus 1.5 %; the federal upper limit (FUL); or the state maximum allowable cost per unit (SMAC). The usual and customary (UAC) charge billed by the provider will be the applicable charge, if lower than the above allowed amounts.
- (b) FUL - Federal upper limit of payment as established by the Centers for Medicare and Medicaid Services (CMS) for multiple source drugs.

Amendment 2012-007

Effective 01/01/2012

Supersedes 2010-016

Approval: 3/5/12