

Table of Contents

State/Territory Name: Hawaii

State Plan Amendment (SPA) #: 11-008

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
San Francisco Regional Office
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103-6706



DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS

January 13, 2015

Rachel Wong, DrPH
Director, Department of Human Services
P.O. Box 339
Honolulu, HI 96809-0339

Dear Dr. Wong:

It has come to our attention that a formal approval package was not issued for Hawaii State Plan Amendment 11-008 when it was officially approved on April 13, 2013. Attached is the official approval package for this SPA, including the original approval letter which had previously been shared with the Department of Human Services via email.

Please note that Hawaii State Plan Supplement to Attachment 3.1-A and 3.1-B pages 3.2a and 3.2b, which were included in the SPA, have since been superseded by pages approved under Hawaii SPA 13-0004 and Hawaii SPA 14-005, respectively.

If you have any questions, please contact Christy Bonstelle at (415) 744-3522, or christy.bonstelle@cms.hhs.gov.

Sincerely,

/s/

Hye Sun Lee
Acting Associate Regional Administrator
Division of Medicaid & Children's Health Operation

Enclosure

cc: Kenny Fink, Med-QUEST Administrator
Tom Duran, CMS Pacific Area Representative

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Center for Medicaid and CHIP Services

Disabled and Elderly Health Programs Group

April 13, 2012

Patricia McManaman
Director
Med-Quest Division
Program & Policy Development Office
P.O. Box 700190
Kapolei, HI 96709-0190

Dear Ms. McManaman:

We have reviewed Hawaii State Plan Amendment (SPA) 11- 008 received in the San Francisco Regional Office on October 28, 2011. This amendment eliminates references to the Average Wholesale Price (AWP) and defines how the Estimated Acquisition Cost (EAC) is determined based on the lesser of the Wholesale Average Cost (WAC) plus zero percent and increases the pharmacy dispensing fee from \$4.67 to \$5.00. We are pleased to inform you that the amendment is approved, effective October 1, 2012.

A copy of the pages approved for incorporation into the Hawaii State Plan will be forwarded by the San Francisco Regional Office. If you have any questions regarding this request, please contact Angel Davis at (410) 786-4693.

Sincerely,

/s/

Larry Reed
Director
Division of Pharmacy

cc: Gloria Nagle, ARA, San Francisco Regional Office
Don Novo, San Francisco Regional Office
Tom Schenck, San Francisco Regional Office

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: 11-008	2. STATE HAWAII
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) MEDICAL ASSISTANCE	
FOR: HEALTH CARE FINANCING ADMINISTRATION		4. PROPOSED EFFECTIVE DATE January XXXX October 1, 2012
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

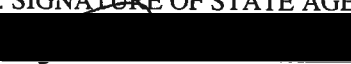
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447.205	7. FEDERAL BUDGET IMPACT: FFY 2012: \$194,70600 (\$33,000) FFY 2013: \$230,04200 (\$43,900)
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19 – B pages XXXX 6, 7 and 8 Supplement to Attachment 3.1-A and 3.1-B page 3.2a and 3.2b	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19 – B pages XXXX 6, 7 and 8 Supplement to Attachment 3.1-A and 3.1-B page 3.2a and 3.2b

10. SUBJECT OF AMENDMENT: This State Plan Amendment reduces the cost of providing multi-source prescription drugs to persons enrolled in Medicaid. Approximately 64% of all drugs prescribed are multi-source drugs. This SPA permits revisions to the methodology used to determine SMACs and EACs, thus saving money for Hawaii and the Federal Government.

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED AS APPROVED BY GOVERNOR
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: Med-QUEST Division Program & Policy Development Office P. O. Box 700190 Kapolei, Hawaii 96709-0190
13. TYPED NAME: PATRICIA MCMANAMAN	
14. TITLE: DIRECTOR	
15. DATE SUBMITTED: October 28, 2011	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: October 28, 2011	18. DATE APPROVED: April 13, 2012
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PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: October 1, 2012	20. SIGNATURE OF REGIONAL OFFICIAL: /s/
21. TYPED NAME: Hye Sun Lee	22. TITLE: Acting Associate Regional Administrator

23. REMARKS:

Box 7: Pen and ink changes per Hawaii's Official RAI response

Box 4, Box 8, Box 15: Pen and ink changes per email from Aileen Befitel, 12/30/14

The payment to an emergency room physician for the screening and assessment of a patient who receives non-emergency care in the emergency room shall not exceed the payment for a problem focused history, examination, and straight forward medical decision making.

- (r) The upper limits on payments for all noninstitutional items and services shall be established by the department in accordance with section 346-59, HRS, and other applicable state statutes.

3. PAYMENT FOR MEDICATIONS AND DISPENSING FEES

a. Payment for medications:

1. Payment for ingredient cost of prescription drugs:

A. For single source drugs, shall not exceed the lower of:

- i. The provider's invoice price;
- ii. The provider's usual and customary charge to the general public; or
- iii. The estimated acquisition cost (EAC).

B. For multiple source drugs, shall not exceed the lower of:

- i. The provider's invoice price;
- ii. The provider's usual and customary charge to the general public;
- iii. The EAC;
- iv. The Federal Upper Limit (FUL) price; or
- v. The State Maximum Allowable Cost (SMAC).

- C. Over-the-counter medications may be covered and, if covered, the payment shall be according to the methodology described in a.1.
- D. The FUL price does not apply if a physician:
 - i. Certifies in his or her own handwriting or by an electronic method compliant with national standard approved by CMS, that a specific brand is medically necessary for a particular recipient. A check-off box on a form is not acceptable but a notation of “brand medically necessary” or “do not substitute” is allowable.
 - ii. Obtains medical authorization for medical necessity from the state medical assistance program for specific brands of medication designated by the program.
 - iii. In such cases, the payment shall be according to the methodology described in a.1.

- E. The EAC, for the purpose of this section, is defined as the Wholesale Average Cost (WAC).
 - F. The SMAC will be based on drug prices obtained from a nationally recognized comprehensive data file maintained by a vendor under contract with the Department agent. A generic drug may be considered SMAC for the pricing if there are two or more therapeutically equivalent, multi-source, non-innovator drugs with a cost difference. The SMAC will be based on drug status (including non-rebatable, rebatable, therapeutic equivalency rating, etc.), marketplace availability in Hawaii and cost. The drug status will be taken into account to ensure that the SMAC pricing is not influenced by the process listed for drugs.
 - G. Payment will not be made for innovator multiple source drugs subject to the Federal Upper Limits (42 C.F.R. 447.332(a)) when a less expensive non-innovator multiple source drug is available for dispensing from the pharmacy. Substitution may not be prohibited by Part VI, Drug Product Selection of 328 HRS
2. Payment of dispensing fees for prescription drugs dispensed by a licensed pharmacy:
- A. \$5.00 per prescription.
 - B. The dispensing fee for any maintenance or chronic medication shall be extended only once per thirty days without medical authorization from the medical assistance program. Other appropriate limits regarding the number of dispensing fees paid per interval of time shall be determined as necessary by the medical assistance program.
3. to 10. INTENTIONALLY BLANK