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State/Territory Name: IA

State Plan Amendment (SPA) #: 14-0011

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



Disabled & Elderly Health Programs Group

September 10, 2014

Charles M. Palmer, Director
Department of Human Services
Hoover State Office Building
1305 East Walnut, 5th Floor
Des Moines, Iowa 50319-0114

Attention: Jennifer H. Vermeer

Dear Mr. Palmer:

We have reviewed Iowa's State plan amendment (SPA) 14-011, Prescribed Drugs, received in the Kansas City Regional Office of the Centers for Medicare and Medicaid Services (CMS) on August 11, 2014. Under this amendment, the state proposes to increase the dispensing fee from \$10.12 to \$11.73 per prescription.

Based on the information provided, we are pleased to inform you that Iowa SPA 14-011 is approved with the effective date of August 1, 2014. The Kansas City Regional Office will forward to you a copy of the CMS-179 form, as well as the pages approved for incorporation into the Iowa Medicaid State Plan.

If you have any questions regarding this amendment, please contact Jessica Walker at 410-786-2457.

Sincerely,

/s/

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

cc: James G. Scott, ARA Kansas City Regional Office
Sandra Levels, Kansas City Regional Office
Alisa Horn, Iowa Medicaid Enterprise
Jeff Marston, Iowa Medicaid Enterprise
Susan Parker, Iowa Medicaid Enterprise

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER <u>1 4 — 0 1 1</u>	2. STATE IOWA
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE August 1, 2014	

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 447.502	7. FEDERAL BUDGET IMPACT a. FFY '14 \$ 985,900 b. FFY '15 \$ 5,728,334
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19-B, Page 10	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Attachment 4.19-B, Page 10

10. SUBJECT OF AMENDMENT

This request implements a dispensing fee increase from \$10.12 to \$11.73 per prescription. It is based on a recent cost of dispensing survey of Iowa Medicaid enrolled pharmacy providers.

11. GOVERNOR'S REVIEW (Check One)

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

12. SIGNATURE OF STATE AGENCY OFFICIAL 	16. RETURN TO CHARLES M. PALMER DIRECTOR DEPARTMENT OF HUMAN SERVICES 1305 EAST WALNUT 5TH FLOOR DES MOINES IA 50319-0114
13. TYPED NAME CHARLES M. PALMER	
14. TITLE DIRECTOR	
15. DATE SUBMITTED 8-11-14	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED August 11, 2014	18. DATE APPROVED September 10, 2014
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL August 1, 2014	20. SIGNATURE OF REGIONAL OFFICIAL //s//
21. TYPED NAME James G. Scott	22. TITLE Associate Regional Administrator
23. REMARKS	

State/Territory: IOWA

11c. SERVICES FOR INDIVIDUALS WITH SPEECH, HEARING AND LANGUAGE DISORDERS

Fee Schedule. The fee schedule is based on the definitions of medical and surgical procedures given in the most recent addition of Physician's Current Procedural Terminology (CPT).

12a. PRESCRIBED DRUGS

The amount of payment shall be based on several factors, subject to the upper limits in 42 CFR 447.500-520 as amended.

- a. Reimbursement for covered prescription and nonprescription drugs shall be the lowest of the following as of the date of dispensing:
 - (1) "Estimated acquisition cost (EAC)," defined as the average Actual Acquisition Cost (AAC), as determined from surveys of Iowa Medicaid enrolled pharmacies, plus the professional dispensing fee. If no AAC is available, the EAC will be defined as the Wholesale Acquisition Cost (WAC), as published by Medi-Span.
 - (2) "Federal upper limit (FUL)," defined as the upper limit for multiple source drugs established in accordance with the methodology of the Centers for Medicare and Medicaid Service as described in 42 CFR 447.514, plus the professional dispensing fee.
 - (3) Submitted charge, representing the provider's usual and customary charge for the drug.
- b. Professional Dispensing Fee: The professional dispensing fee is based on the cost of dispensing survey which must be completed by all medical assistance program participating pharmacies every two years beginning in 2014. For services rendered on or after August 1, 2014, the professional dispensing fee is \$11.73.
- c. Subject to prior authorization requirements, if a physician certifies in the physician's handwriting that, in the physician's medical judgment, a specific brand is medically necessary for a particular recipient, the FUL does not apply and the payment equals the lesser of EAC or submitted charges. If a physician does not so certify, the payment for the product will be the lower of FUL, EAC, or submitted charges.

State Plan TN #	<u>IA-14-011</u>	Effective	<u>8-1-2014</u>
Superseded TN #	<u>IA-13-014</u>	Approved	<u>9-10-2014</u>